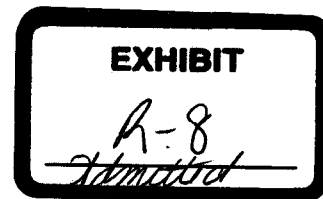




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ARIZONA WATER COMPANY

DOCKET NO. W-01445A-02-0619

DIRECT TESTIMONY

OF

WILLIAM A. RIGSBY

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

JULY 8, 2003

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INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My Name is William A. Rigsby. I am a Public Utilities Analyst V employed by the Residential Utility Consumer Office ("RUCO") located at 1110 W. Washington, Suite 220, Phoenix, Arizona 85007.

Q. Please state your educational background and your qualifications in the field of utilities regulation.

A. Appendix I, which is attached to this testimony, describes my educational background and also includes a list of the rate cases and regulatory matters that I have been involved with.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present recommendations that are based on my analysis of Arizona Water Company's ("Arizona Water" or "Company") application for a permanent rate increase ("Application") for each of the eight water systems that comprise the Company's Eastern Group. Arizona Water's Application was filed with the Arizona Corporation Commission ("ACC" or "Commission") on August 14, 2002.

1 Q. What are the eight water systems that comprise Arizona Water's Eastern
2 Group?

3 A. The Eastern Group is comprised of the Apache Junction, Bisbee, Miami,
4 Oracle, San Manuel, Sierra Vista, Superior, and Winkelman systems.

5
6 Q. What systems will you provide direct testimony on?

7 A. My direct testimony will concentrate on revenue and rate base issues
8 associated with the Apache Junction, Bisbee, Miami, and Superior
9 systems. RUCO witness Timothy J. Coley will file direct testimony on
10 revenue and rate base issues associated with the other four systems in
11 the Company's Eastern Group.

12
13 Q. Were you responsible for conducting an analysis of Arizona Water's
14 proposed rate design?

15 A. Yes. My rate design analysis includes all eight of the systems that
16 comprise the Company's Eastern Group.

17
18 Q. Did you perform a cost of capital analysis to determine a recommended
19 rate of return on the Company's invested capital?

20 A. Yes, I did. I have also filed, under separate cover, direct testimony on the
21 cost of capital issues associated with this proceeding. As is common in
22 cases that involve an operating segment or wholly owned subsidiary of a
23 public utility, my cost of capital analysis was performed on a total company

1 basis as opposed to concentrating on the Eastern Group alone or on any
2 one particular system within the Eastern Group.

3
4 Q. Please describe how you conducted your analysis of Arizona Water's
5 Application.

6 A. I reviewed Arizona Water's Application and analyzed various accounting
7 records that were provided to RUCO by the Company. During the course
8 of my audit, I also obtained copies of various documents that are kept on
9 file at the ACC. Other pertinent information and source documents were
10 collected through a series of written data requests that were faxed and
11 mailed to the Company. In addition to these methods of obtaining
12 information, both Mr. Coley and myself had the opportunity to visually
13 inspect most of the Company-proposed post-test year plant additions
14 during a tour of the Eastern Group that was conducted in early January
15 2003 by Company witness and Vice President of Engineering for Arizona
16 Water, Michael J. Whitehead. After compiling the aforementioned
17 information and materials, I performed an analysis that provided additional
18 insight into the Company's rate base, operating income and rate design
19 proposals. The recommendations on rate base, operating revenue, and
20 operating expenses for the four systems covered in this testimony are
21 based on the results of my analysis. As I stated earlier, my
22 recommendations on rate design will include all eight of the systems that

1 comprise the Company's Eastern Group, as will my cost of capital
2 recommendations.

3
4 Q. Please identify the exhibits that you are sponsoring.

5 A. I am sponsoring a full set of separate schedules for each of the four
6 systems that I am testifying on. This includes Schedules WAR-1 through
7 WAR-20.

8
9 Q. Does your silence on any of the issues or matters addressed in the
10 Company's Application constitute RUCO's acceptance of the Company's
11 position on such issues or matters?

12 A. No, it does not.

13
14 **SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

15 Q. Please summarize the recommendations and adjustments that you
16 address in your testimony on operating revenue, operating expense and
17 rate design.

18 A. My testimony will address the following issues:

19 **Rate Base Adjustments:**

20 Plant in Service/Post-Test Year Additions – This adjustment calculates the
21 level of plant placed into service since the Company's last rate case
22 proceeding and increases or decreases (depending on the particular

1 system) the levels of test year and post-test year plant additions that were
2 placed into service by December 31, 2002.

3 Phoenix Office & Meter Shop Allocation – This adjustment increases gross
4 plant in service by the levels of allocated Phoenix Office & Meter Shop
5 additions that were placed into service by December 31, 2002.

6 Accumulated Depreciation – This adjustment calculates accumulated
7 depreciation over the time period since the Company's last rate case
8 proceeding and removes or adds (depending on the particular system) pro
9 forma accumulated depreciation associated with test year and post-test
10 year plant additions placed into service by December 31, 2002.

11 Reconcile Phoenix Office & Meter Shop and Accumulated Depreciation –
12 This adjustment restates the Company-proposed level of allocated
13 Phoenix Office and Meter Shop plant from a net figure to a gross figure,
14 and restates the Company-proposed accumulated depreciation figure to
15 reflect the amounts of accumulated depreciation associated with Phoenix
16 Office & Meter Shop plant.

17 Remove CWIP from Phoenix Office Allocation – This adjustment removes
18 construction work in progress ("CWIP") from Company-proposed levels of
19 Phoenix Office plant in order to avoid a double count of post-test year
20 plant additions placed into service during 2002.

21 AIAC - 2002 Balance – This adjustment was made to accurately reflect
22 the balances of advances in aid of construction ("AIAC") that were
23 recorded on the Company's books as of December 31, 2002.

1 CIAC - 2002 Balance – This adjustment was made to accurately reflect
2 the balances of contributions in aid of construction (“CIAC”) that were
3 recorded on the Company’s books as of December 31, 2002. The
4 adjustment also calculates appropriate levels of pro forma amortization of
5 CIAC through the end of the Company’s 2002 operating period.

6 Accumulated Deferred Income Taxes – This adjustment was made to
7 accurately reflect the balances of accumulated deferred income taxes
8 (“ADIT”) that were recorded on the Company’s books as of December 31,
9 2002.

10 Working Capital – This adjustment recalculates levels of working capital
11 based on RUCO’s recommended operating expenses and lead/lag days.

12 Deferred CAP Charges – This adjustment, which decreases the
13 Company-proposed Apache Junction system rate base by \$59,696,
14 reflects the \$645,207 level of deferred Central Arizona Project (“CAP”)
15 charges that were recorded on the Company’s books as of December 31,
16 2002. The adjustment is part of RUCO’s recommendation to allow the
17 Company to recover deferred CAP charges over a ten-year period and to
18 treat future CAP costs as an operating expense.

19 **[BEGIN CONFIDENTIAL]**
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4
5 **[END CONFIDENTIAL]**

6 **Operating Adjustments:**

7 Reconcile Company Proposed to 2002 Actual – This adjustment
8 reconciles the Company's proposed operating revenue and expense
9 levels with the actual levels of operating revenues and expense that were
10 recorded by each of the Eastern Group systems during the period ended
11 December 31, 2002.

12 Remove 2002 Regulatory Assessment & Sales Taxes – This adjustment
13 removes actual 2002 regulatory assessment and state and local sales
14 (transaction privilege) tax revenues and expenses that were recorded by
15 each of the Eastern Group systems during the period ended December
16 31, 2002.

17 Eliminate PPAM and PWAM Revenues – This adjustment removes
18 amounts collected from both the Company's purchased power adjuster
19 mechanism ("PPAM") and the purchased water adjuster mechanism
20 ("PWAM") during the period ended December 31, 2002.

21 Eliminate Unbilled Revenues & Expenses – This adjustment removes
22 year-end unbilled revenue and expense accruals that were recorded on
23 the Company's books during the period ended December 31, 2002.

1 Annualize Additional Revenues & Expenses – This adjustment annualizes
2 revenues and associated expenses to levels recorded at the end of the
3 2002 operating period.

4 Amortization of Rate Case Expense – This adjustment reflects the
5 Company's estimated rate case expense for the instant proceeding.
6 RUCO recommends that the figure be subject to a "true-up" after the
7 Company's final rate case expense has been tabulated.

8 Remove MAP Surcharge Revenues – This adjustment removes revenues
9 collected under the ADEQ Monitoring Assistance Program ("MAP") for
10 those Eastern Group systems serving populations of up to 10,000 people.

11 Depreciation & Amortization Expense – This pro forma adjustment
12 calculates RUCO's recommended level of depreciation & amortization
13 expense based on RUCO's recommended level of plant.

14 Property Tax Expense – This adjustment calculates property tax expense
15 using the currently effective Arizona Department of Revenue ("DOR")
16 formula.

17 Income Tax Expense – This adjustment calculates the appropriate level of
18 income tax expense given RUCO's recommended operating income.

19 Purchased CAP Water Expense – This adjustment calculates RUCO's
20 recommended level of purchased CAP water expense for the Apache
21 Junction system. The adjustment is part of RUCO's recommendation to
22 allow the Company to recover deferred CAP charges over a ten-year
23 period and to treat future CAP costs as an operating expense.

1 **Rate Design:**

2 Based on the data obtained in my analysis of Arizona Water, I am
3 recommending a single-tier rate design that applies to all classes and
4 meter sizes of customers. My testimony on rate design also includes a
5 discussion on Arizona Water's proposal for partial rate consolidation
6 between the Company's Apache Junction and Superior systems.

7
8 **REVENUE REQUIREMENTS**

9 Q. Please summarize the results of your analysis of Arizona Water's revenue
10 requirements.

11 A. Based on the results of my audit, I am recommending that the level of
12 revenue be increased by no more than \$8,979,160 for Apache Junction,
13 \$1,639,067 for Bisbee, \$1,750,757 for Miami and \$980,894 for Superior.
14 My recommended levels of revenue are exhibited in Schedule WAR-1 for
15 each of the aforementioned systems. My original cost rate base ("OCRB")
16 figures of \$19,792,391 for Apache Junction, \$3,603,099 for Bisbee,
17 \$3,600,871 for Miami and \$2,471,297 for Superior are exhibited in
18 Schedule WAR-1 for each of these systems. My supporting OCRB details
19 for each of the four systems, is based on the original costs that Arizona
20 Water has agreed to accept as the Company's fair value rate base. My
21 recommended adjusted operating incomes of \$1,718,542 for Apache
22 Junction, \$312,851 for Bisbee, \$312,658 for Miami and \$214,579 for
23 Superior are also displayed in Schedule WAR-1 for each system.

1 Schedule WAR-9 for each of the four systems includes supporting detail
2 for these operating income figures.

3
4 Q. What elements of operating revenue make up your recommended levels
5 of total operating revenues?

6 A. My recommended increases and decreases in total operating revenue are
7 comprised of both water sales revenue and other operating revenues
8 recorded during the period ended December 31, 2002. I am
9 recommending a \$632,849 decrease for the Apache Junction system, a
10 \$314,074 increase for the Bisbee system, a \$237,179 increase for the
11 Miami system, and a \$273,481 increase for the Superior system.

12
13 **RATEMAKING RULES AND PRINCIPLES**

14 Q. Please describe Arizona Water's rate application.

15 A. Arizona Water is requesting rate increases of \$1,305,666 for the Apache
16 Junction system, \$612,649 for the Bisbee system, \$722,718 for the Miami
17 system, and \$491,353 for the Superior system. Arizona Water's
18 application is based on a test year ended December 31, 2001 ("Test
19 Year") and a projected test year ended December 31, 2002. The
20 Company seeks to include non-revenue producing post-test year plant
21 placed into service prior to December 31, 2002. The Company's request
22 to use the December 31, 2002 cut off date is based on a similar treatment

1 of post-test year plant, which was approved by the Commission during the
2 Company's Northern Group rate case proceeding in 2001.

3
4 The Company is also seeking rate base treatment and the recovery of
5 deferred CAP charges, incurred since 1986, over a 3-year period for the
6 Apache Junction system. Arizona Water also seeks the recovery of future
7 Apache Junction CAP water charges in rates on a going forward basis.
8 The Company has further requested a partial rate consolidation for the
9 Apache Junction and Superior systems.

10
11 In regard to the recovery of costs associated with the U.S. Environmental
12 Protection Agency's ("EPA") revised arsenic standard of 10 parts per
13 billion (scheduled to go into effect in January 2006), the Company has
14 stated that it will abide by the ACC's decision on Arizona Water's pending
15 request for an arsenic recovery cost mechanism ("ACRM") that is now
16 before the Commission. RUCO witness Timothy J. Coley discusses this
17 issue in more detail in his direct testimony on Arizona Water's Eastern
18 Group systems.

19
20 Q. Does the Company's application adhere to generally accepted ratemaking
21 principles and the Commission's own rules?

22 A. No. The Commission's rules require the use of an historical test year.
23 Arizona Water's rate request for the Eastern Group is based in part on a

1 projected test year. The Company's application also violates the matching
2 principle. Selected items, such as the revenue-neutral plant additions
3 noted earlier, have been treated on a projected basis as opposed to an
4 historical basis. As a result of this situation, the ratemaking components
5 of the application are mismatched to provide results that are favorable to
6 the Company.

7
8 Q. Can you provide an example of this?

9 A. A good example of this is the Company's exclusion of 2002 levels of CIAC
10 from its projected test year.

11
12 Q. Why is this a problem?

13 A. Increased levels of CIAC result in lower levels of depreciation and
14 amortization expense to the Company. This is because the amortization
15 of CIAC reduces the level of depreciation and amortization expense that
16 the Company collects in rates. Since depreciation expense is a non-cash
17 charge, this results in a lower level of cash flow for the Company. By only
18 permitting company-funded post-test year plant (which results in higher
19 levels of depreciation expense and additional cash flow to the Company)
20 the Company collects more in depreciation expense than it should and
21 enjoys an improved cash flow position at the expense of ratepayers.

1 Q. Has this situation occurred in the instant case?

2 A. Yes. This can be seen in the Apache Junction system where the level of
3 post-test year CIAC increased by \$668,894. Applying the Company's
4 composite rate of depreciation of 2.59 percent, results in a reduction to
5 depreciation expense of \$17,324. The exclusion of post-test year net
6 CIAC, along with post-test year AIAC and post-test year ADIT, also result
7 in a higher operating income, since each of these ratemaking elements
8 are treated as deductions to rate base. Using Apache Junction as an
9 example, the Company's failure to include the post-test year balances of
10 AIAC, net CIAC and ADIT inflate rate base by approximately \$2.2 million.
11 This produces an additional \$188,561 in operating income based on
12 RUCO's recommended rate of return. The overall effect of the Company's
13 failure to recognize selected post-test year balances is approximately
14 \$206,000 in additional cash flow to the Company or an additional
15 ratepayer expense of \$12.09 per year (based on an average customer
16 count of 17,028).

17
18 Q. Is it normal regulatory practice to include post-test year plant in rate base?

19 A No. The normal regulatory treatment of plant in rate base is to include
20 plant that meets both the historical test year and the used and useful (i.e.
21 plant which is both necessary and available for the provision of utility
22 service at the end of the test year) standards. The use of a historical test
23 year is one of the fundamental concepts for ratemaking in the state of

1 Arizona. The inclusion of post-test year plant in rate base is a violation of
2 the historical test year concept. On occasion, certain known and
3 measurable changes will be taken into consideration.

4
5 Q. In what instances are known and measurable changes taken into
6 consideration?

7 A. Under certain circumstances, known and measurable changes are
8 recognized for revenues and expenses and for capital expenditures (i.e.
9 additions to plant). It is difficult even under ideal circumstances to
10 determine if plant additions are known and measurable and virtually
11 impossible when there is not enough time to perform a proper analysis. In
12 situations when the cost of post-test year plant additions can be accurately
13 determined, such additions cannot be considered as known and
14 measurable without determining the impact that the additions will have on
15 other important factors. For instance, new plant additions may result in
16 the subsequent retirement of other plant assets, the generation of
17 additional revenue, lower operating and maintenance expenditures, and
18 changes in the actual operating characteristics of the water system.
19 Unless all of the factors impacted by the addition of new plant are
20 identified and accurately estimated, a mismatch of revenues and
21 expenses will occur and the resulting recommended revenue requirement
22 will be incorrect.

1 Q. Are there other factors that must be considered before including post-test
2 year plant in rate base?

3 A. Yes, the allowance of post-test year plant can result in the Company
4 earning a rate of return on and a return of its investment over a period of
5 time that exceeds the actual useful life of the plant. As a result, the
6 Company may earn a return on its investment and recover the cost of
7 plant through depreciation expense for more years than the plant is
8 actually in service. This occurs because the Company will continue to
9 recover such costs from the time that the plant's useful life has expired
10 until the time that the Commission authorizes new rates in a future rate
11 proceeding. In other words, the allowance of post-test year plant in rate
12 base takes the future into consideration at the beginning of the plant's
13 useful life, but fails to consider the past at the end of the plant's useful life.

14
15 Q. Has the Commission allowed post-test year additions in certain recent
16 decisions?

17 A. Yes. Both RUCO and ACC Staff have continued to argue for the
18 exclusion of post-test year plant additions and advocate for adherence to
19 the historical test year concept. However, in certain circumstances, the
20 Commission has allowed the inclusion of post-test year plant contrary to
21 both the matching principle and the historical test year concept.

1 Q. Has RUCO changed its position in this particular case?

2 A. No. RUCO has not changed its position in this case regarding the
3 importance of the historical test year concept and the matching principle.
4 However, the specific timing of this particular case has given RUCO a
5 unique opportunity to match all of the other post-test year ratemaking
6 elements (i.e. operating revenues, operating expenses and rate base
7 components) to the revenue neutral post-test year plant additions that the
8 Company is seeking recovery on.

9
10 Q. How is this possible?

11 A. As a result of the Administrative Law Judge's decision to grant ACC Staff
12 and intervenors with a 105-day extension of the discovery period in this
13 case, RUCO has had the time to collect and analyze the Company's 2002
14 operating results. This is the same period for which the Company has
15 requested post-test year additions for and has made pro forma
16 adjustments for in its Application. In short, RUCO's recommendations in
17 this particular case are based on the actual operating results of 2002 as
18 opposed to developing and/or relying on Company pro forma adjustments
19 to the 2001 test year period.

1 Q. Why has RUCO taken this approach when it believes that the historical
2 test year concept should be adhered to?

3 A. As I noted earlier, in certain recent decisions the Commission has allowed
4 post-test year additions in rate base. RUCO can support a 2002 post-test
5 year approach only because the timing in this case renders it possible to
6 utilize actual 2002 data. RUCO does not advocate or endorse the use of
7 projected or future test years. In fact, it is hoped that RUCO's approach in
8 this particular case will make it clear to the Commission why it is important
9 *not* to adopt the use of future or projected test years or to continue to allow
10 mismatched post-test year plant into rate base without considering the
11 other essential ratemaking elements that such plant has an effect on.

12
13 **POST-TEST YEAR PLANT ADDITIONS**

14 Q. What post-test year plant is the Company seeking recovery on?

15 A. Arizona Water is seeking the recovery of Eastern Group projected post-
16 test year plant and allocated Phoenix Office and Meter Shop additions
17 placed into service by December 31, 2002.

18
19 Q. Has all of the Company-proposed post-test year plant been placed into
20 service?

21 A. No. Just prior to the Administrative Law Judge's decision to allow the 105-
22 day extension in this case, RUCO obtained final cost figures from the

1 Company on the projected post-test year plant projects that were
2 completed and placed into service by the December 31, 2002 cutoff date.

3
4 Q. Is RUCO recommending the inclusion of these completed post-test year
5 projects in the Company's plant in service account?

6 A. Yes. In making the decision as to which post-test year items should be
7 included in rate base, RUCO conducted a scrutiny test that subjected
8 each of the completed post-test year projects to the following standards:

- 9
- 10 1. Was the cost of the project known and measurable?
 - 11 2. Were operating revenues matched to the investment
 - 12 in the project?
 - 13 3. Were expenses matched to the investment in the project?
 - 14 4. Did the project meet the used and useful standard?
- 15

16 The purpose of the scrutiny test is to assure that any recommended post-
17 test year plant additions fall within the guidelines of generally accepted
18 ratemaking principles. RUCO has consistently utilized this standard test
19 whenever it considers the inclusion of post-test year projects in rate base.
20 Only those projects that met all of the above standards passed the
21 scrutiny test and were included in rate base. Based on this analysis, the
22 decision to include all 2002 ratemaking elements, and my observations of
23 the areas that the plant is providing service to (i.e. established

1 communities as opposed to new or speculative developments), RUCO is
2 recommending that all of the completed post-test year projects be
3 included in the Company's plant in service account.

4
5 **RATE BASE**

6 **Rate Base Adjustment #1 - Plant in Service/Post-Test Year Additions**

7 Q. Please explain your adjustment to the Company's plant in service account.

8 A. Rate Base Adjustment #1 calculates the level of gross plant placed into
9 service since the Company's last rate case proceeding and increases or
10 decreases (depending on the particular system) the levels of test year and
11 post-test year gross plant additions that were placed into service by
12 December 31, 2002.

13
14 The calculation of my recommended plant in service figure is exhibited in
15 Schedule WAR-4, Pages 1 through 7, for each of the systems that I am
16 providing testimony on. Schedule WAR-4 calculates plant additions and
17 retirements that occurred from 1990 through the 2002 post-test year
18 period. RUCO's calculated 2001 test year level of gross plant reconciled
19 with the Company-proposed level for each of the systems in the Eastern
20 Group. The difference between the Company-proposed level of gross
21 plant and RUCO's recommended level of gross plant is that RUCO has
22 included all of the Company's 2002 actual plant additions, whereas
23 Arizona Water has included selected items on an estimated basis.

1 RUCO's recommended plant balances therefore are more accurate as
2 they represent actual and fully matched rate base balances. The
3 adjustment results in a \$733,301 decrease for Apache Junction, a
4 \$187,076 increase for Bisbee, a \$103,965 decrease for Miami and a
5 \$55,250 decrease for Superior.

6
7 **Rate Base Adjustment #2 - Phoenix Office & Meter Shop Allocation**

8 Q. Please describe your adjustment to the Company-proposed level of
9 allocated Phoenix Office and Meter Shop plant.

10 A. The adjustment, displayed as a separate line item for clarity on Schedules
11 WAR-2 and WAR-3, increases gross allocated Phoenix Office & Meter
12 Shop plant in service by the levels of allocated Phoenix Office & Meter
13 Shop additions placed into service by December 31, 2002. This
14 adjustment is consistent with RUCO's recommendation to set rates based
15 on a fully matched test year. The adjustment results in the following
16 increases in gross allocated Phoenix Office & Meter Shop plant: \$130,939
17 for Apache Junction; \$28,987 for Bisbee; \$26,995 for Miami; and, \$12,423
18 for Superior. The associated accumulated depreciation on these 2002
19 allocated plant additions was also calculated on Schedule WAR-4 along
20 with the additions and retirements for the individual systems that the post-
21 test year Phoenix Office and Meter Shop plant additions were allocated to.

1 Q. Please explain the Company's method of recovering plant associated with
2 the Phoenix Office and Meter Shop.

3 A. The Company calculates a set of annual allocation factors for each system
4 within its three operating groups. The total Phoenix Office and Meter
5 Shop plant is then multiplied by each system's allocation factor to
6 determine how much Phoenix Office and Meter Shop plant should be
7 allocated to a specific system. The allocation factors I have used in my
8 recommended adjustment are consistent with the factors used by Arizona
9 Water. The purpose of my adjustment is to match the Phoenix Office and
10 Meter Shop balances on a 2002 basis.
11

12 **Rate Base Adjustment #3 – Accumulated Depreciation**

13 Q. Do you agree with the Company's calculation of accumulated depreciation
14 expense?

15 A. No. The Company's calculation of accumulated depreciation includes an
16 additional six months of depreciation expense to reflect a full year of
17 accumulated depreciation on new additions that are subject to the half
18 year convention.
19

20 Q. What is the half-year convention?

21 A. The half-year convention is a tax accounting concept that simplifies the
22 procedure for recording depreciation expense on new assets placed into
23 service during different times of the year. Under the half-year convention,

1 six months of depreciation expense is calculated on a new asset addition
2 regardless of what date it goes into service. The same six-month's worth
3 of depreciation is calculated on a new asset placed into service on
4 January 1 as on a similar asset that goes into service on December 31.
5

6 Q. Was RUCO's calculation of accumulated depreciation performed under
7 the half -year convention?

8 A. Yes. RUCO's adjusted accumulated depreciation figure for post-test year
9 plant additions, including the Phoenix Office and Meter Shop allocations,
10 only includes the six months of depreciation expense that should be
11 recorded under the half year convention. The annual depreciation
12 expense and accumulated depreciation balances from 1990 to the end of
13 2002 are exhibited in Schedule WAR-4.
14

15 Q. When should the unrecorded six months of depreciation be taken into
16 account for ratemaking purposes?

17 A. A full year of depreciation expense should be calculated in order to arrive
18 at the appropriate level of depreciation & amortization operating expense
19 that the Company is entitled to receive in rates on a going forward basis.
20 My calculation of pro forma depreciation & amortization expense using a
21 full-year convention is exhibited in Schedule WAR-12.
22

**Rate Base Adjustment #4 - Reconcile Phoenix Office & Meter Shop and
Accumulated Depreciation**

Q. What was your rationale for making the adjustment to the Company-proposed level of allocated Phoenix Office and Meter Shop plant?

A. The figures for allocated Phoenix Office & Meter Shop plant contained in the Company's application reflect amounts that are net of accumulated depreciation. My adjustment, which is exhibited in Schedule WAR-5, simply restates the Company-proposed level of allocated Phoenix Office and Meter Shop plant from a net figure to a gross figure, and then restates the Company-proposed accumulated depreciation figure to reflect the amounts of accumulated depreciation that are associated with the allocated Phoenix Office & Meter Shop plant. The main reason for the adjustment was to state the Company's proposed levels of allocated Phoenix Office & Meter Shop plant on the same gross basis as my adjusted post-test year allocated Phoenix Office & Meter Shop plant additions figure in Rate Base Adjustment #6.

Rate Base Adjustment #5 - Remove CWIP from Phoenix Office Allocation

Q. Why have you removed the CWIP contained in the Company-proposed level of allocated Phoenix Office plant in Rate Base Adjustment #5?

A. The adjustment, which is exhibited in Schedule WAR-6, avoids a double count of allocated post-test year Phoenix Office additions that were placed into service in each of the Eastern Group systems during 2002. The

1 adjustment also removes CWIP entirely from the rate bases of the Eastern
2 Group systems.

3
4 Q. Is it a generally accepted practice to remove CWIP from rate base in
5 Arizona?

6 A. Yes. Since these balances represent plant that does not provide service
7 to customers in a test year, the ACC has historically excluded CWIP from
8 rate base.

9
10 **Rate Base Adjustment #6 - AIAC - 2002 Balance**

11 Q. Why have you adjusted the Company-proposed level of AIAC?

12 A. The adjustment reflects the amount of AIAC that was recorded on the
13 Company's books at December 31, 2002. The adjustment, along with
14 Rate Base Adjustments #7, and #8, are needed in order to achieve the
15 proper matching of rate base components that I discussed earlier in my
16 testimony.

17
18 **Rate Base Adjustment #7 - CIAC - 2002 Balance**

19 Q. What was the purpose for your adjustment to the Company-proposed
20 levels of CIAC and accumulated amortization of CIAC?

21 A. In addition to adjusting the Company-proposed level of CIAC to reflect the
22 amount recorded on the Company's books at December 31, 2002 (as in
23 Rate Base Adjustment #6), the adjustment also calculates the pro forma

1 amount of accumulated amortization of CIAC for the end of 2002. The
2 calculation of accumulated amortization for post-test year CIAC additions
3 was made under the half-year convention explained in Rate Base
4 Adjustment #3.

5
6 **Rate Base Adjustment #8 - Accumulated Deferred Income Taxes**

7 Q. Why have you adjusted the levels of ADIT for each of the Eastern Group
8 systems that you are testifying on?

9 A. The adjustment reflects the amount of ADIT that was recorded on the
10 Company's books at December 31, 2002. Once again, the adjustment is
11 needed to achieve a proper matching of rate base components.

12
13 **Rate Base Adjustment #9 - Working Capital**

14 Q. Have you adjusted the Company-proposed working capital figures for the
15 four systems in the Eastern Group that you are providing testimony on?

16 A. Yes. My working capital adjustments, exhibited in Schedule WAR-7,
17 result in a decrease of \$561,523 in the working capital requirements for
18 Apache Junction, a decrease of \$59,546 for Bisbee, a decrease of
19 \$73,165 for Miami, and a decrease of \$37,956 for Superior.

20
21 A detailed discussion and explanation for RUCO's method for calculating
22 this adjustment is contained in the testimony of RUCO witness Timothy J.
23 Coley.

Rate Base Adjustment #10 - Deferred CAP C

Q. Is Arizona Water seeking recovery of deferred CAP charges associated with the Company's Apache Junction system?

A. Yes. In its Application, Arizona Water requested rate base treatment for deferred CAP charges that the Company's Apache Junction system has incurred since 1986. Arizona Water is also requesting that the Company be permitted to amortize and recover these deferred CAP charges over a three-year period. The Company is further requesting that it be permitted to treat all future CAP charges as a regular operating expense.

Q. What is RUCO's position on Arizona Water being permitted to recover and earn a rate of return on the deferred CAP charges?

A. RUCO believes that the Company should be permitted to include the deferred CAP charges in rate base and earn a rate of return on those amounts. RUCO's opinion is based on the fact that the Company is actually utilizing approximately its entire Apache Junction system's CAP allocation and ratepayers are actually receiving the benefits associated with the CAP water.

Q. Is RUCO recommending that the Company be permitted to amortize and recover the deferred CAP charges over a three-year period?

A. No. RUCO differs with the Company on this point. RUCO believes that an amortization period of only three years will place an undue hardship on the

1 Company's Apache Junction ratepayers, particularly at a time when it is
2 almost certain that Apache Junction ratepayers will be facing increased
3 charges for the removal of arsenic. RUCO believes that ten years is a
4 more reasonable recovery period. As I stated earlier, Arizona Water has
5 been deferring the Apache Junction system CAP charges since 1986 and
6 will continue to incur this cost on a going-forward basis. Given the lengthy
7 deferral period and the continued annual CAP payment requirements,
8 RUCO believes that a three-year amortization period would aggravate the
9 intergenerational inequities inherent in deferral accounting and result in an
10 undesirable compounding of costs. These intergenerational inequities
11 result from deferral accounting because the body of ratepayers for which
12 costs are incurred are not necessarily the same body of ratepayers that
13 will be required to pay these costs. The longer the disparity between
14 when costs are incurred and when ratepayers are required to pay such
15 costs, the greater the intergenerational inequities and the doubling up of
16 current costs with prior costs. For these reasons, RUCO is recommending
17 that the Company be permitted to recover the deferred CAP charges over
18 a period of not less than ten years.

19
20 Q. What amount of deferred CAP charges is RUCO recommending that the
21 Company be permitted to recover and earn a rate of return on?

22 A. RUCO is recommending that the Company be permitted to recover no
23 more than \$645,207.

1 Q. How did RUCO arrive at its recommended deferred CAP charge figure for
2 the Apache Junction system?

3 A. RUCO's recommended figure of \$645,207 represents the actual balance
4 of deferred CAP charges that were recorded by the Company at
5 December 31, 2002. RUCO's recommended figure is \$59,696 less than
6 the estimated amount being proposed by the Company.

7
8 Q. What is RUCO's recommended method for the recovery of the deferred
9 CAP charges?

10 A. RUCO recommends that the recovery of the deferred CAP charges be
11 included in the Company's depreciation & amortization expense.
12 Accordingly, RUCO has included one-tenth of its recommended level of
13 deferred CAP charges in its recommended level of depreciation &
14 amortization expense for the Company's Apache Junction system
15 (Operating Adjustment #8).

16
17 Q. Should the Company be permitted to recover future CAP charges as an
18 operating expense?

19 A. Yes. As I stated earlier, since the Company is actually utilizing close to the
20 full amount of the Apache Junction system's CAP allocation and
21 ratepayers are actually receiving the benefits associated with the CAP
22 water, the Company should be permitted to recover its future CAP
23 charges in rates as an operating expense. Accordingly, I have included

1 RUCO's recommended level of annual CAP water expense in my adjusted
2 purchased water expense figure (Operating Adjustment #11).
3

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6 **[END CONFIDENTIAL]**

7 **OPERATING INCOME**

8 **Operating Adjustment #1 - Reconcile Company Proposed Operating**
9 **Income to 2002 Actual**

10 Q. What is the purpose of this adjustment?

11 A. The purpose of this adjustment is to reconcile, or "true-up," the Company-
12 proposed revenue and expense levels with the actual revenue and
13 expense levels that were booked during the 2002 operating period. The
14 adjustment provides the complete matching of post-test year revenues
15 and expenses with the post-test year plant additions that are being
16 allowed in rate base. Schedule WAR-10, Page 1 exhibits the differences
17 between the Company's estimated post-test year revenue and expense
18 levels and the actual amounts. In addition, Page 2 of Schedule WAR-10
19 compares actual 2001 test year revenues and expenses with actual 2002
20 revenue and expenses. These schedules show that the Company has
21 consistently over estimated its post-test year expenses and consistently
22 under estimated its post-test year revenue. As a result, the Company's
23 application overstates the required rate increase.

1 Q. Why were certain expense items not included in this adjustment?

2 A. Depreciation & amortization expense, property tax expense, and income
3 tax expense were not included in this adjustment because these expense
4 items must be calculated on RUCO's recommended levels of revenue and
5 plant in service.

6
7 **Operating Adjustment #2 - Remove 2002 Regulatory Assessment & Sales**
8 **Taxes**

9 Q. Please explain why you removed the 2002 regulatory assessment & sales
10 taxes from your reconciled levels of revenue and expense?

11 A. These are pass-through items, recorded during the 2002 operating period,
12 which are not included in base rates. The Company simply collects these
13 amounts on behalf of the state or local agency that the assessment or
14 taxes must be paid to. The adjustment is the same as the one proposed
15 by the Company for amounts recorded in the Test Year.

16
17 **Operating Adjustment #3 - Eliminate PPAM and PWAM Revenues**

18 Q. Why has RUCO removed the PPAM and PWAM revenues for 2002?

19 A. The adjustment, which is similar to the one that is proposed by the
20 Company, removes 2002 revenues that are collected through separate
21 purchased power and purchased water surcharges and should not be
22 included in the calculation of base rates.

Operating Adjustment #4 - Eliminate Unbilled Revenues & Expenses

Q. Please explain your removal of unbilled revenues and expenses?

A. This adjustment, which is similar to the one proposed by the Company for Test Year accruals, removes accrued amounts of revenues and expenses that were recorded during the 2002 operating period. The adjustment essentially restates period revenues and expenses from an accrual basis to a cash basis for ratemaking purposes.

Operating Adjustment #5 - Annualize Additional Revenues & Expenses

Q. Has RUCO annualized revenues to take into account the change in customers during the 2002 operating period?

A. Yes. Schedule WAR-11 for each of the systems I am providing testimony on presents RUCO's revenue and expense reconciliation based on the customer count in 2002. RUCO witness Timothy J. Coley discusses the adjustment in detail in his direct testimony on the Eastern Group systems.

Operating Adjustment #6 - Amortization of Rate Case Expense

Q. Please explain your adjustments to rate case expense for each of the four systems you are providing testimony on.

A. At this time I am not proposing an adjustment to the Company's requested level of rate case expense.

1 Q. Does this mean RUCO has adopted the Company's estimates in full?

2 A. No. RUCO has reviewed the amount of rate case expense billed to date
3 and has decided that the prudent approach would be to wait until a final
4 figure can be accurately calculated. At that point in time, possibly before
5 the scheduled hearing date, RUCO will then "true-up" its final
6 recommended level of amortized rate case expense for the Eastern Group
7 systems.

8
9 **Operating Adjustment #7 - Remove MAP Surcharge Revenues**

10 Q. Why has RUCO removed the MAP surcharge revenues for those systems
11 that fall under the ADEQ program?

12 A. The adjustment, which is similar to the one that is proposed by the
13 Company, removes revenues that are collected through a surcharge that
14 is completely separate from base rates. A detailed explanation for the
15 adjustment is contained in the direct testimony of RUCO witness Timothy
16 J. Coley.

17
18 **Operating Adjustment #8 - Depreciation & Amortization Expense**

19 Q. Have you recalculated Test Year depreciation and amortization expense?

20 A. Yes. The calculation is exhibited in Schedule WAR-12. As explained
21 earlier in my testimony, I have recalculated a full year of depreciation and
22 amortization expense based on RUCO's adjusted level of 2002 plant

1 balances including allocated post-test year Phoenix Office and Meter
2 Shop additions.

3
4 Q. How did you calculate your recommended levels of depreciation and
5 amortization expense for each of the four systems that you are providing
6 testimony on?

7 A. As exhibited in Schedule WAR-12, my recommended levels of
8 depreciation and amortization expense were calculated by applying the
9 Company-proposed 2.59 percent composite depreciation rate to the level
10 of plant in service calculated on Page 7 of Schedule WAR-4. The same
11 2.59 percent composite rate of depreciation was then applied to the
12 Company's 2002 level of CIAC in order to arrive at the proper amount of
13 amortization of CIAC to be deducted from depreciation expense. RUCO's
14 recalculation of depreciation and amortization expense resulted in a
15 decrease of \$129,166 for Apache Junction, a \$7,517 decrease for Bisbee,
16 a \$67,944 decrease for Miami, and an \$8,768 decrease for Superior.
17 Included in RUCO's recommended level of depreciation & amortization
18 expense for the Company's Apache Junction system, is the \$64,521 of
19 amortization expense associated with RUCO's recommended figure of
20 \$645,207 in deferred CAP charges.

21 **[BEGIN CONFIDENTIAL]**
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23

[END CONFIDENTIAL]

Operating Adjustment #9 - Property Tax Expense

Q. Is RUCO recommending an adjustment to the Company-proposed levels of property tax expense for the Eastern Group systems?

A. Yes. The adjustment, exhibited in Schedule WAR-13, results in a \$9,387 decrease for Apache Junction, a \$19,510 decrease for Bisbee, a \$19,180 decrease for Miami, and a \$9,016 increase for Superior. The property tax calculation was made using the currently effective DOR formula. Please refer to the direct testimony of RUCO witness Timothy J. Coley for a detailed discussion on property tax issues in this case.

Operating Adjustment #10 - Income Tax Expense

Q. Have you calculated income tax expense based on RUCO's recommended adjusted operating income for each of the four Eastern Group systems you are providing testimony on?

A. Yes. This adjustment is shown on Schedules WAR-14 for each of the four systems I am providing testimony on.

Operating Adjustment #11 - Purchased CAP Water Expense

Q. What level of purchased CAP water expense are you recommending?

A. I am recommending a level of \$130,225, which is \$36,000 less than the Company-proposed figure of \$166,225.

Q. Please explain the \$36,000 difference between your recommended level of CAP water expense and the Company-proposed level of expense.

A. My level of CAP water expense, which is exhibited in Schedule WAR-15, is based on a \$37 per acre-foot CAP municipal & industrial ("M&I") charge that was approved by the Central Arizona Water Conservation District ("CAWCD") Board of Directors in March 2003 as opposed to the \$43.00 per acre foot M&I charge which expired in June 2003. The Company's proposed CAP water expense figure was based on the expired M&I rate of \$43 per acre-foot. It should also be noted that the CAWCD Board of Directors have announced further reductions in the M&I rate. The present rate of \$37 per acre-foot is scheduled to drop to \$32 in 2004, to \$28 per acre-foot in 2005, to \$24 per acre-foot in 2006, and to \$21 per acre-foot in 2007. I believe that these further reductions in the M&I rate, which will result in substantial savings to the Company over the next four years, present a strong argument as to why my recommended level of deferred CAP charges (explained in Rate Base Adjustment #10) should be capped at the \$645,207 amount that was recorded at the end of the 2002 operating period.

RATE DESIGN

Q. Have you reviewed Arizona Water's proposed rate design?

A. Yes. A comparison of the present rates, Arizona Water's proposed rates, and my proposed rates are exhibited in Schedule WAR-17 for each of the Eastern Group systems I am providing direct testimony on and Schedule TJC-17 for each of the Eastern Group systems that RUCO witness Coley is providing direct testimony on.

Q. What is the Company proposing in its rate designs?

A. The Company is proposing to continue the existing single-tier rate structure for all meter sizes in all of the rate designs for the Eastern Group. The Company is also proposing that the monthly minimum charge, for each of the eight Eastern Group systems, contain zero gallons as opposed to the current design that includes 1,000 gallons in the minimum monthly charge.

Schedules WAR-17 and TJC-17 exhibit the changes in commodity charges that the Company is requesting. For the sake of clarity, I have stated the commodity charges for each of the Eastern Group systems in both per 100-gallon increments, as the Company did in its Application, and in the more common per 1,000-gallon increments.

1 Q. Please summarize your recommended rate design for Arizona Water.

2 A. I recommend that the current single-tier rate design be retained. I also
3 recommend that uniform minimum charges be retained for both residential
4 and commercial customers and that no gallons be included in the
5 minimum charge for all meter sizes.

6
7 Schedules WAR-18 and TJC-18 compare my recommended monthly
8 minimum charges for each of the Eastern Group systems with the
9 Company's present and proposed monthly minimum charges. With the
10 exception of several systems, I am recommending a uniform increase in
11 each of the monthly minimum charges.

12
13 Q. Why does RUCO agree with the Company's proposal to eliminate all
14 gallons from the monthly minimum charge?

15 A. RUCO believes that the elimination of gallons from the minimum will give
16 ratepayers greater control over their monthly bills. Those ratepayers who
17 use less than a thousand gallons per month would only be billed for their
18 actual level of consumption as opposed to being billed for a full thousand
19 gallons whether they use it or not.

1 Q. Please provide a comparison of what a monthly charge would be, at the
2 median level of consumption for a 5/8 X 3/4-inch meter customer, with and
3 without 1,000 gallons of water included in the minimum monthly charge.

4 A. I will use the Superior system as an example. My recommended rate
5 design, with zero gallons in the minimum, sets the monthly minimum
6 charge for a 5/8 X 3/4-inch meter at the same \$18.13 level that Superior
7 customers are presently paying. At the 5,009-gallon median level of
8 consumption, a Superior system customer would be billed \$48.25 (\$18.13
9 minimum monthly charge + \$30.12 commodity charge). With 1,000
10 gallons included in the minimum, the same customer would be billed
11 \$48.24 or \$0.01 cent less.

12
13 Q. How is your proposed rate design different from the Company's?

14 A. My rate design is very similar to the one that the Company is proposing.
15 The biggest area of contention between my rate design and the
16 Company's rate design involves the Company's recommendation that the
17 Commission adopt consolidated rates for the Apache Junction and
18 Superior systems.

19
20 Q. What is the Company's rationale for consolidating Apache Junction and
21 Superior rates?

22 A. In its Application, the Company stated that it expects to construct an
23 interconnection between the two systems within the next several years.

1 However, no such interconnection or sharing of facilities is in effect at the
2 present time.

3
4 Q. Did the Company state why it would build an interconnection between the
5 two systems?

6 A. Yes. The Company stated that it is obligated to provide service to two
7 new developments, known as Entrada Del Oro and Ranch 160, that are
8 located near the Superior system's well field near Florence Junction.
9 However, the Company also stated that it must obtain right of way
10 clearance for a transmission line that is still under design review. The
11 Company did not provide any specific dates regarding a construction
12 schedule and did not provide a firm completion date for the proposed
13 interconnection that would link the Apache Junction and Superior systems.

14
15 Q. Does RUCO support rate consolidation for the Apache Junction and
16 Superior systems.

17 A. No. RUCO cannot support rate consolidation between the Apache
18 Junction and Superior systems at this time. RUCO believes that the
19 Company's consolidation proposal amounts to a subsidization of the
20 Superior system's ratepayers by the Apache Junction System's
21 ratepayers. RUCO believes that the Company's proposal would have a
22 negative effect for Apache Junction ratepayers at this time. RUCO is also

1 concerned that this type of consolidation would set a bad precedent for
2 consumers in Arizona.

3
4 Q. Does RUCO believe that Superior ratepayers would benefit from
5 consolidation?

6 A. RUCO believes that the Company's proposal would result in lower rates
7 for Superior system ratepayers, however these lower rates would be made
8 possible by Apache Junction ratepayers who receive no real benefit from
9 the Company-proposed consolidation of rates. Although it is true that both
10 systems share a common problem regarding the removal of higher arsenic
11 levels that exceed the new EPA standard of 10 parts per billion, neither
12 system would be able to share facilities or realize any meaningful
13 economies of scale until the actual interconnection between the two
14 systems is completed. In the meantime, Apache Junction ratepayers
15 would be paying for new plant improvements that only provide service to
16 Superior ratepayers. For the reasons just stated, RUCO opposes the
17 Company's request for rate consolidation. Accordingly, RUCO has
18 designed rates that are based on the costs to provide service to
19 ratepayers served by these two systems on a stand-alone basis.

1 Q. Would RUCO support rate consolidation if the projected interconnection is
2 completed?

3 A. RUCO believes that the costs of service for the two systems should be
4 studied in the context of a rate case proceeding after the projected
5 interconnection is completed. If it is evident that customers on both
6 systems are receiving the benefits of the interconnection, then rate
7 consolidation might be viewed in a more favorable light.

8
9 Q. Will your rate design provide Arizona Water with the level of revenue
10 recommended by RUCO?

11 A. Yes, it will. Based on the test year billing determinants as adjusted, my
12 rate design will generate RUCO's recommended levels of revenue for
13 each of the systems in the Eastern Group from water sales. This can be
14 viewed in Schedules WAR-20 and TJC-20.

15
16 Q. Do you agree with the Company that there should be no difference in the
17 minimum charges billed to either the residential or commercial classes of
18 customers?

19 A. Yes, absent a cost analysis that demonstrates a significant incremental
20 cost to the Company of providing service to commercial versus residential
21 customers, uniform rates are appropriate.

1 Q. For each meter size used during the test year; did you prepare a schedule
2 that shows at various consumption levels the resulting monthly bills under
3 present and your proposed rates?

4 A. Yes. This information is displayed on Pages 1 and 2 of Schedules WAR-
5 19 and TJC-19. Pages 3 and 4 of these schedules, respectively, also
6 display the difference in dollars and percent between the present rates
7 and my proposed rates for each of the Eastern Group systems.

8
9 Q. Does this conclude your testimony on Arizona Water's Eastern Group
10 systems?

11 A. Yes, it does.

Qualifications of William A. Rigsby

EDUCATION:

University of Phoenix
Master of Business Administration, Emphasis in Accounting, 1993

Arizona State University
College of Business
Bachelor of Science, Finance, 1990

Mesa Community College
Associate of Applied Science, Banking and Finance, 1986

Michigan State University
Institute of Public Utilities
N.A.R.U.C. Annual Regulatory Studies Program, 1997 & 1999

Florida State University
Center for Professional Development & Public Service
N.A.R.U.C. Annual Western Utility Rate School, 1996

EXPERIENCE:

Public Utilities Analyst V
Residential Utility Consumer Office
Phoenix, Arizona
April 2001 – Present

Senior Rate Analyst
Accounting & Rates - Financial Analysis Unit
Arizona Corporation Commission, Utilities Division
Phoenix, Arizona
July 1999 – April 2001

Senior Rate Analyst
Residential Utility Consumer Office
Phoenix, Arizona
December 1997 – July 1999

Utilities Auditor II and III
Accounting & Rates – Revenue Requirements Analysis Unit
Arizona Corporation Commission, Utilities Division
Phoenix, Arizona
October 1994 – November 1997

Revenue Auditor II
Arizona Department of Revenue
Corporate Income Tax Audit Unit
Phoenix, Arizona
November 1993 – October 1994

Tax Examiner Technician I
Arizona Department of Revenue
Transaction Privilege Tax Audit Unit
Phoenix, Arizona
July 1991 – November 1993

RESUME OF RATE CASE AND REGULATORY PARTICIPATION

<u>Utility Company</u>	<u>Docket No.</u>	<u>Type of Proceeding</u>
ICR Water Users Association	U-2824-94-389	Original CC&N
Rincon Water Company	U-1723-95-122	Rate Increase
Ash Fork Development Association, Inc.	E-1004-95-124	Rate Increase
Parker Lakeview Estates Homeowners Association, Inc.	U-1853-95-328	Rate Increase
Mirabell Water Company, Inc.	U-2368-95-449	Rate Increase
Bonita Creek Land and Homeowner's Association	U-2195-95-494	Rate Increase
Pineview Land & Water Company	U-1676-96-161	Rate Increase
Pineview Land & Water Company	U-1676-96-352	Financing
Montezuma Estates Property Owners Association	U-2064-96-465	Rate Increase
Houghland Water Company	U-2338-96-603 et al	Rate Increase
Sunrise Vistas Utilities Company – Water Division	U-2625-97-074	Rate Increase
Sunrise Vistas Utilities Company – Sewer Division	U-2625-97-075	Rate Increase
Holiday Enterprises, Inc. dba Holiday Water Company	U-1896-97-302	Rate Increase
Gardener Water Company	U-2373-97-499	Rate Increase
Cienega Water Company	W-2034-97-473	Rate Increase
Rincon Water Company	W-1723-97-414	Financing/Auth. To Issue Stock
Vail Water Company	W-01651A-97-0539 et al	Rate Increase
Bermuda Water Company, Inc.	W-01812A-98-0390	Rate Increase
Bella Vista Water Company	W-02465A-98-0458	Rate Increase
Pima Utility Company	SW-02199A-98-0578	Rate Increase

RESUME OF RATE CASE AND REGULATORY PARTICIPATION (Cont.)

<u>Utility Company</u>	<u>Docket No.</u>	<u>Type of Proceeding</u>
Pineview Water Company	W-01676A-99-0261	WIFA Financing
I.M. Water Company, Inc.	W-02191A-99-0415	Financing
Marana Water Service, Inc.	W-01493A-99-0398	WIFA Financing
Tonto Hills Utility Company	W-02483A-99-0558	WIFA Financing
New Life Trust, Inc. dba Dateland Utilities	W-03537A-99-0530	Financing
GTE California, Inc.	T-01954B-99-0511	Sale of Assets
Citizens Utilities Rural Company, Inc.	T-01846B-99-0511	Sale of Assets
MCO Properties, Inc.	W-02113A-00-0233	Reorganization
American States Water Company	W-02113A-00-0233	Reorganization
Arizona American Water Company	W-01303A-00-0327	Financing
Arizona Electric Power Cooperative	E-01773A-00-0227	Financing
360networks (USA) Inc.	T-03777A-00-0575	Financing
Beardsley Water Company, Inc.	W-02074A-00-0482	WIFA Financing
Mirabell Water Company	W-02368A-00-0461	WIFA Financing
Rio Verde Utilities, Inc.	WS-02156A-00-0321 et al	Rate Increase/ Financing
Arizona Water Company	W-01445A-00-0749	Financing
Loma Linda Estates, Inc.	W-02211A-00-0975	Rate Increase
Arizona Water Company	W-01445A-00-0962	Rate Increase
Mountain Pass Utility Company	SW-03841A-01-0166	Financing
Picacho Sewer Company	SW-03709A-01-0165	Financing
Picacho Water Company	W-03528A-01-0169	Financing
Ridgeview Utility Company	W-03861A-01-0167	Financing
Green Valley Water Company	W-02025A-01-0559	Rate Increase
Bella Vista Water Company	W-02465A-01-0776	Rate Increase

UTILITY STOCKS AND THE SIZE EFFECT: AN EMPIRICAL ANALYSIS

Annie Wong*

I. Introduction

The objective of this study is to examine whether the firm size effect exists in the public utility industry. Public utilities are regulated by federal, municipal, and state authorities. Every state has a public service commission with board and varying powers. Often their task is to estimate a fair rate of return to a utility's stockholders in order to determine the rates charged by the utility. The legal principles underlying rate regulation are that "the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks," and that the return to a utility should be sufficient to "attract capital and maintain credit worthiness." However, difficulties arise from the ambiguous interpretation of the legal definition of *fair and reasonable rate of return* to an equity owner.

Some finance researchers have suggested that the Capital Asset Pricing Model (CAPM) should be used in rate regulation because the CAPM beta can serve as a risk measure, thus making risk comparisons possible. This approach is consistent with the spirit of a Supreme Court ruling that equity owners sharing similar level of risk should be compensated by similar rate of return.

The empirical studies of Banz (1981) and Reinganum (1981) showed that small firms tend to earn higher returns than large firms after adjusting for beta. This phenomenon leads to the proposition that firm size is a proxy for omitted risk factors in determining stock returns. Barry and Brown (1984) and Brauer (1986) suggested that the omitted risk factor could be the differential information environment between small and large firms. Their argument is based on the fact that investors often have less publicly available information to assess the future cash flows of small firms than that of large

firms. Therefore, an additional risk premium should be included to determine the appropriate rate of return to shareholders of small firms.

The samples used in prior studies are dominated by industrial firms, no one has examined the size effect in public utilities. The objective of this study is to extend the empirical findings of the existing studies by investigating whether the size effect is also present in the utility industry. The findings of this study have important implications for investors, public utility firms, and state regulatory agencies. If the size effect does exist in the utility industry, this would suggest that the size factor should be considered when the CAPM is being used to determine the fair rate of return for public utilities in regulatory proceedings.

II. Information Environment of Public Utilities

In general, utilities differ from industrials in that utilities are heavily regulated and they follow similar accounting procedures. A public utility's financial reporting is mainly regulated by the Securities and Exchange Commission (SEC) and the Federal Energy Regulatory Commission (FERC). Under the Public Utility Holding Company Act of 1935, the SEC is empowered to regulate the holding company systems of electric and gas utilities. The Act requires registration of public utility holding companies with the SEC. Only under strict conditions would the purchase, sale or issuance of securities by these holding companies be permitted. The purpose of the Act is to keep the SEC and investors informed of the financial conditions of these firms. Moreover, the FERC is in charge of the interstate operations of electric and gas companies. It requires utilities to follow the accounting procedures set forth in its Uniform Systems of Accounts. In particular, electric and gas utilities must request their Certified Public Accountants to certify that certain schedules in the financial reports are in conformity with the Commission's accounting requirements. These detailed reports are submitted annually and are open to the public.

*Western Connecticut State University. The author thanks Philip Perry, Robert Hagerman, Eric Press, the anonymous referee, and Clay Singleton for their helpful comments.

The FERC requires public utilities to keep accurate records of revenues, operating costs, depreciation expenses, and investment in plant and equipment. Specific financial accounting standards for these purposes are also issued by the Financial Accounting Standards Board (FASB). Uniformity is required so that utilities are not subject to different accounting regulations in each of the states in which they operate. The ultimate objective is to achieve comparability in financial reporting so that factual matters are not hidden from the public view by accounting flexibility.

Other regulatory reports tend to provide additional financial information about utilities. For example, utilities are required to file the FERC Form No. 1 with the state commission. This form is designed for state commissions to collect financial and operational information about utilities, and serves as a source for statistical reports published by state commissions.

Unlike industrials, a utility's earnings are predetermined to a certain extent. Before allowed earnings requests are approved, a utility's performance is analyzed in depth by the state commission, interest groups, and other witnesses. This process leads to the disclosure of substantial amount of information.

III. Hypothesis and Objective

Due to the Act of 1935, the Uniform Systems of Accounts, the uniform disclosure requirements, and the predetermined earnings, all utilities are reasonably homogeneous with respect to the information available to the public. Barry and Brown (1984) and Brauer (1986) suggested that the difference of risk-adjusted returns between small and large firms is due to their differential information environment. Assuming that the differential information hypothesis is true, then uniformity of information availability among utility firms would suggest that the size effect should not be observed in the public utility industry. The objective of this paper is to provide a test of the size effect in public utilities.

IV. Methodology

1. Sample and Data

To test for the size effect, a sample of public utilities and a sample of industrials matched by equity value are formed so that their results can be compared. Companies in both samples are listed on the Center for Research in Security Prices (CRSP)

Daily and Monthly Returns files. The utility sample includes 152 electric and gas companies. For each utility in the sample, two industrial firms with similar firm size (one is slightly larger and the other is slightly smaller than the utility) are selected. Thus, the industrial sample includes 304 non-regulated firms.

The size variable is defined as the natural logarithm of market value of equity at the beginning of each year. Both the equally-weighted and value-weighted CRSP indices are employed as proxies for the market returns. Daily, weekly and monthly returns are used. The Fama-MacBeth (1973) procedure is utilized to examine the relation between risk-adjusted returns and firm size.

2. Research Design

All utilities in the sample are ranked according to the equity size at the beginning of the year, and the distribution is broken down into deciles. Decile one contains the stocks with the lowest market values while decile ten contains those with the highest market values. These portfolios are denoted by MV_1 , MV_2 , ..., and MV_{10} , respectively.

The combinations of the ten portfolios are updated annually. In the year after a portfolio is formed, equally-weighted portfolio returns are computed by combining the returns of the component stocks within the portfolio. The betas for each portfolio at year t , β_{px} 's, are estimated by regressing the previous five years of portfolio returns on market returns:

$$\bar{R}_{px} = \alpha_p + \beta_{px} \bar{R}_{mx} + \bar{U}_{px} \quad (1)$$

where

R_{px} = periodic return in year t on portfolio p

R_{mx} = periodic market return in year t

U_{px} = disturbance term.

Banz (1981) applied both the ordinary and generalized least squares regressions to estimate β ; and concluded that the results are essentially identical (p.8). Since adjusting for heteroscedasticity does not necessarily lead to more efficient estimators, the ordinary least squares procedures are used in this study to estimate β in equation (1).

The following cross-sectional regression is then run for the portfolios to estimate γ_{it} , $i = 0, 1$, and 2 :

$$R_{pt} = \gamma_0 + \gamma_1 \hat{\beta}_{pt} + \gamma_2 \hat{S}_{pt} + U_{pt} \quad (2)$$

where

$\hat{\beta}_{pt}$ = estimated beta for portfolio p at year t ,
 $t=1968, \dots, 1987$

\hat{S}_{pt} = mean of the logarithm of firm size in
portfolio p at the beginning of year t

U_{pt} = disturbance term.

Depending on whether daily, weekly or monthly returns are used, a portfolio's average return changes periodically while its beta and size only change once a year. The γ_1 and γ_2 coefficients are estimated over the following four subperiods: 1968-72, 1973-77, 1978-82 and 1983-1987. If portfolio betas can fully account for the differences in returns, one would expect the average coefficient for the beta variable to be positive and for the size variable to be zero. A t -statistic will be used to test the hypothesis. The coefficients of a matched sample are also examined so that the results between industrial and utility firms can be compared.

V. Analysis of Results

1. Equity Value of the Utility Portfolios

The mean equity values of the ten size-based utility portfolios are reported in Table 1. Panels A and B present the average firm size of these portfolios at the beginning and end of the test period, 1968-1987. The first interesting observation from Table 1 is that the difference in magnitude between the smallest and the largest market value utility portfolios is tremendous. In Panel A, the average size of MV_1 is about \$31 million while that of MV_{10} is over \$1.4 billion. In Panel B, that is twenty years later, they are \$62 million and \$5.2 billion, respectively. Another interesting finding is that there is a substantial increase in average firm size from MV_9 to MV_{10} . Since these two findings are consistent over the entire test period, the average portfolio market values for interim years are not reported. These results are similar to the empirical evidence provided by Reinganum (1981).

The utility sample in this study contains 152 firms whereas Reinganum's sample contains 535 firms that are mainly industrial companies. Two conclusions may be drawn from the results of the Reinganum study and this one. First, utilities and industrials are similar in the sense that their market

values vary over a wide spectrum. Second, the fact that there is a huge jump in firm size from MV_9 to MV_{10} indicates that the distribution of firm size is positively skewed. To correct for the skewness problem, the natural logarithm of the mean equity value of each portfolio is calculated. This variable is then used in later regressions instead of the actual mean equity value.

2. Betas of the Utility and Industrial Samples

The betas based on monthly, weekly and daily returns are reported for the utility and industrial samples. For simplicity, they will be referred to as monthly, weekly, and daily betas. In all cases, five years of returns are used to estimate the systematic risk. The betas estimated over the 1963-67 time period are used to proxy for the betas in 1968, which is the beginning of the test period. By the same token, the betas obtained from the time period 1982-86 are used as proxies for the betas in 1987, which is the end of the test period.

The betas from using the equally-weighted and value-weighted indices are calculated in order to check whether the results are affected by the choice of market index. Since the results are similar, only those obtained from the equally-weighted index are reported and analyzed.

Table 2 reports the monthly, weekly and daily betas of the two samples at the beginning and end of the test period. Panel A shows the various betas of the industrial portfolios. Two conclusions may be drawn. First, in the 1960's, smaller market value portfolios tend to have relatively larger betas. This is consistent with the empirical findings by Banz (1981) and Reinganum (1981). Second, this trend seems to vanish in the 1980's, especially when weekly and daily returns are used.

The betas of the utility portfolios are presented in Panel B. The table shows that none of the utility betas are greater than 0.71. A comparison between Panels A and B reveals that utility portfolios are relatively less risky than industrial portfolios after controlling for firm size. The comparison also reveals that, unlike industrial stocks, betas of the utility portfolios are not related to the market values of equity.

The negative correlation between firm size and beta in the industrial sample may introduce a multicollinearity problem in estimating equation (2). Banz (p.11) had addressed this issue and concluded that the test results are not sensitive to the

multicollinearity problem. For the utility sample, this problem does not exist.

3. Tests on the Coefficients of Beta and Size

The beta and firm size are used to estimate γ_1 and γ_2 in equation (2). A t-statistic is used to test if the mean values of the gammas are significantly different from zero. The tests were performed for four 5-year periods which are reported in Table 3. The mean of the gammas and their t-statistic are presented in Panel A for the utilities and in Panel B for the industrial firms.

The empirical results for the utility sample are reported in Panel A of Table 3. When monthly returns are used, 60 regressions were run to obtain 60 pairs of gammas for each of the 5-year periods. When daily returns are used, over 1200 regressions were run for each period to obtain the gammas. The results are similar: in all of the time periods tested, none of the average coefficients for beta and size are significantly different from zero. When weekly returns are used, 260 pairs of gammas were obtained. The average coefficients for beta are not significant in any test period, and the average coefficients for size are not significant in three of the test periods. For the test period of 1978-82, the average coefficient for size is significantly negative at a 5% level.

The test results for the industrial sample are reported in Panel B of Table 3. When monthly returns are used, the average coefficient estimates for size and beta are significant and have the expected sign only in the 1983-87 test period. When weekly returns are used, only the size variable is significantly negative in the 1978-82 period. When daily returns are used, the coefficient estimates for betas and size are not significant at any conventional level.

According to the CAPM, beta is the sole determinant of stock returns. It is expected that the coefficient for beta is significantly positive. However, the empirical findings reported in this study and in Fama and French (1992) only provide weak support for beta in explaining stock returns. The empirical findings in this study also suggest that the size effect varies over time. It is not unusual to document the firm size effect at certain time periods but not at others. Banz (1981) found that the size effect is not stable over time with substantial differences in the magnitude of the coefficient of the size factor (p.9, Table 1). Brown, Kleidon and Marsh (1983) not only have shown that size effect is not constant over time but also have reported a reversal of the size anomaly for certain years.

The research design of this study allows us to keep the sample, test period, and methodology the same with the holding-period being the only variable. The size effect is documented for the industrial sample in one of the four test periods when monthly returns are used and in another when weekly returns are used. When daily returns are used, no size effect is observed. For the utility sample, the size effect is significant in only one test period when weekly returns are used. When monthly and daily returns are used, no size effect is found. Therefore, this study concludes that the size effect is not only time-period specific but also holding-period specific.

VI. Concluding Remarks

The fact that the two samples show different, though weak, results indicates that utility and industrial stocks do not share the same characteristics. First, given firm size, utility stocks are consistently less risky than industrial stocks. Second, industrial betas tend to decrease with firm size but utility betas do not. These findings may be attributed to the fact that all public utilities operate in an environment with regional monopolistic power and regulated financial structure. As a result, the business and financial risks are very similar among the utilities regardless of their sizes. Therefore, utility betas would not necessarily be expected to be related to firm size.

The objective of this study is to examine if the size effect exists in the utility industry. After controlling for equity values, there is some weak evidence that firm size is a missing factor from the CAPM for the industrial but not for the utility stocks. This implies that although the size phenomenon has been strongly documented for the industrials, the findings suggest that there is no need to adjust for the firm size in utility rate regulations.

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Table 1

Average Equity Size of the Utility Portfolios at the
Beginning and End of the Test Period
(Dollar figures in millions)

	A: Beginning (1968)	B: End (1987)
MV ₁	\$31	\$62
MV ₂	\$77	\$177
MV ₃	\$113	\$334
MV ₄	\$161	\$475
MV ₅	\$220	\$715
MV ₆	\$334	\$957
MV ₇	\$437	\$1,279
MV ₈	\$505	\$1,805
MV ₉	\$791	\$2,665
MV ₁₀	\$1,447	\$5,399

Table 2

Betas of the Two Samples at the Beginning and End of the Test Period

	<u>Monthly Betas</u>		<u>Weekly Betas</u>		<u>Daily Betas</u>	
	1963-67	1982-86	1963-67	1982-86	1963-67	1982-86
Panel A: Industrial Firms						
MV ₁	0.89	1.00	1.15	0.95	1.11	0.92
MV ₂	0.94	0.87	1.07	1.01	1.14	1.01
MV ₃	0.88	0.82	1.12	0.86	1.14	1.04
MV ₄	0.69	0.74	1.00	0.83	1.03	0.86
MV ₅	0.73	0.80	1.05	0.96	1.13	1.01
MV ₆	0.66	0.82	1.03	1.01	1.05	1.04
MV ₇	0.64	0.81	0.97	1.04	0.98	1.09
MV ₈	0.62	0.75	0.97	1.11	1.00	1.20
MV ₉	0.52	0.78	0.84	1.06	0.94	1.16
MV ₁₀	0.43	0.65	0.78	1.01	0.86	1.22
Panel B: Public Utilities						
MV ₁	0.30	0.37	0.31	0.43	0.30	0.40
MV ₂	0.28	0.38	0.37	0.47	0.36	0.44
MV ₃	0.22	0.42	0.33	0.42	0.31	0.49
MV ₄	0.27	0.35	0.36	0.52	0.34	0.54
MV ₅	0.25	0.45	0.37	0.61	0.35	0.62
MV ₆	0.25	0.41	0.39	0.54	0.40	0.65
MV ₇	0.20	0.35	0.34	0.54	0.37	0.63
MV ₈	0.17	0.38	0.34	0.65	0.33	0.68
MV ₉	0.19	0.34	0.35	0.60	0.34	0.71
MV ₁₀	0.18	0.29	0.38	0.59	0.39	0.71

Table 3

Tests on the Mean Coefficients of Beta (γ_1) and Size (γ_2)

$$R_{pt} = \gamma_\alpha + \gamma_{1t}\hat{\beta}_{pt} + \gamma_{2t}\hat{S}_{pt} + U_{pt}$$

Returns Used:		Monthly (t-value)	Weekly (t-value)	Daily (t-value)
Panel A: Utility Sample				
1968-72	γ_1	-0.46% (-0.26)	-0.32% (-0.42)	-0.02% (-0.18)
	γ_2	-0.07% (-0.78)	-0.01% (-0.51)	-0.00% (-0.46)
1973-77	γ_1	-0.28% (-0.13)	0.14% (0.14)	-0.03% (-0.21)
	γ_2	-0.11% (-0.70)	-0.03% (-0.67)	-0.00% (-0.53)
1978-82	γ_1	0.55% (0.36)	0.54% (1.00)	0.05% (0.43)
	γ_2	-0.10% (-0.75)	-0.05% (-1.71)*	-0.01% (-1.60)
1983-87	γ_1	1.74% (1.28)	-0.24% (-0.51)	-0.02% (-0.18)
	γ_2	-0.16% (-1.54)	-0.03% (-0.86)	-0.01% (-0.63)
Panel B: Industrial Sample				
1968-72	γ_1	-0.36% (-0.27)	-0.28% (-0.55)	-0.02% (-0.32)
	γ_2	-0.07% (0.43)	-0.01% (-0.19)	0.00% (0.51)
1973-77	γ_1	1.34% (0.64)	-0.23% (-0.31)	0.14% (1.45)
	γ_2	-0.01% (-0.06)	-0.04% (-0.85)	-0.00% (-0.64)
1978-82	γ_1	-0.84% (-0.28)	-0.56% (-0.91)	-0.09% (-0.81)
	γ_2	-0.29% (-0.75)	-0.01% (-1.72)*	-0.00% (-1.33)
1983-87	γ_1	2.51% (1.83)*	0.34% (0.64)	0.11% (1.40)
	γ_2	-0.25% (-1.90)*	-0.01% (-0.43)	0.00% (0.14)

* Significant at the 5% level based on a one-tailed test.

ARIZONA WATER COMPANY
APACHE JUNCTION SYSTEM
DOCKET NO. W-1445A-02-0619
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ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	\$ 24,207,015	\$ 19,792,391
2	ADJUSTED OPERATING INCOME	1,862,935	2,106,211
3	CURRENT RATE OF RETURN (L2 / L1)	7.70%	10.64%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	2,662,772	1,718,542
6	OPERATING INCOME DEFICIENCY (L5 - L2)	799,837	(387,668)
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.63245
8	GROSS REVENUE INCREASE	\$ 1,305,661	\$ (632,849)
9	CURRENT REVENUES T/Y ADJUSTED	8,943,927	9,612,009
10	PROPOSED ANNUAL REVENUE (L8 + L9)	10,249,588	8,979,160
11	PERCENTAGE AVERAGE INCREASE	14.60%	-6.58%

REFERENCES:

COLUMN (A): COMPANY SCHEDULE A-1

COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
GROSS REVENUE CONVERSION FACTOR

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 2 OF 2

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	<u>0.002316</u>	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	<u>38.51%</u>	NOTE (a)
5	TOTAL	0.6126	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	<u>1.63245</u>	LINE 1/LINE 5

NOTE (a):

CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	<u>6.97%</u>
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	<u>34.00%</u>
SUBTOTAL	31.63%
ADD STATE TAX RATE	38.60%
LINE 3 ABOVE	<u>99.77%</u>
EFFECTIVE TAX RATE	38.51%

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$ 54,521,888	\$ (733,301)	\$ 53,788,587
2	PHOENIX OFFICE & METER SHOP ALLOCATION	870,209	214,642	1,084,851
3	DEFERRED CAP CHARGES	704,903	(59,696)	645,207
4	ACCUMULATED DEPRECIATION	<u>(8,791,705)</u>	<u>(1,102,379)</u>	<u>(9,894,085)</u>
5	NET PLANT IN SERVICE	\$ 47,305,294	\$ (1,680,734)	\$ 45,624,560
6	CONSTRUCTION WORK IN PROGRESS (CWIP)	<u>-</u>	<u>-</u>	<u>-</u>
7	TOTAL NET PLANT	\$ 47,305,294	\$ (1,680,734)	\$ 45,624,560
8	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(15,443,377)	(1,264,007)	(16,707,384)
9	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(6,228,486)	(668,894)	(6,897,380)
10	ACCUMULATED AMORTIZATION OF CIAC	713,806	169,980	883,786
11	DEFERRED INCOME TAXES	(2,699,309)	(409,446)	(3,108,755)
14	WORKING CAPITAL	<u>559,087</u>	<u>(561,523)</u>	<u>(2,436)</u>
15	TOTAL RATE BASE	<u>\$ 24,207,015</u>	<u>\$ (4,414,624)</u>	<u>\$ 19,792,391</u>

REFERENCES:
COLUMN (A): COMPANY SCHEDULE B-1
COLUMN (B): SCHEDULE WAR-3
COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$54,521,888	\$733,301	\$130,539		113,863	(30,160)							\$ 53,788,587
2	PHOENIX OFFICE & METER SHOP ALLOCATION	870,209	(a)											1,084,851
3	DEFERRED CAP CHARGES	704,903										(59,696)		645,207
4	ACCUMULATED DEPRECIATION	(8,791,705)			(\$988,516)	(113,863)								(9,894,085)
5	NET PLANT IN SERVICE	\$47,305,294	\$ 733,301	\$ 130,539	\$ (988,516)	\$ -	\$ (30,160)	\$ -	\$ -	\$ -	\$ -	\$ (59,696)	\$ -	\$ 45,624,560
6	CONSTRUCTION WORK IN PROGRESS (CWIP)													
7	TOTAL NET PLANT	\$47,305,294	\$ 733,301	\$ 130,539	\$ (988,516)	\$ -	\$ (30,160)	\$ -	\$ -	\$ -	\$ -	\$ (59,696)	\$ -	\$ 45,624,560
8	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(15,443,377)						(1,264,007)						(16,707,384)
9	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(6,228,486)							(668,894)					(6,897,380)
10	ACCUMULATED AMORTIZATION OF CIAC	713,806							169,980					883,786
11	DEFERRED INCOME TAXES	(2,869,309)								(409,446)				(3,108,755)
12	WORKING CAPITAL	559,087									(561,923)			(2,436)
13	TOTAL RATE BASE	\$24,207,015	\$ 733,301	\$ 130,539	\$ (988,516)	\$ -	\$ (30,160)	\$ (1,264,007)	\$ (498,914)	\$ (409,446)	\$ (561,923)	\$ (59,696)	\$ -	\$ 19,792,391

ADJUSTMENT #1
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS
2. PHOENIX OFFICE & METER SHOP ALLOCATION
3. ACCUMULATED DEPRECIATION
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
6. AIAC - 2002 BALANCE

ADJUSTMENT #2
7. CIAC - 2002 BAL. & AMORTIZATION
8. ACCUMULATED DEFERRED INCOME TAXES
9. WORKING CAPITAL
10. DEFERRED CAP CHARGES
11. NOT USED

REFERENCE:
RUCO D.R. NO 6.3, TESTIMONY - WAR
RUCO D.R. NO 8.3
SCHEDULE WAR-7, PAGE 3
TESTIMONY - WAR
N/A

NOTES:
(a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM DEPR. PER COMPANY	1990 NET PLANT PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUCO	1991 DEPRECIATION EXPENSE PER RUCO	1991 ACCUMULATED DEPRECIATION PER RUCO	1991 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	0	0	0	0	0	0	0
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	6,545	39,338	221,364	14,195	0	274,897	6,481	45,818	229,079
7	314.0	SOURCE OF SUPPLY: WELLS	3,901	0	3,901	0	0	3,901	0	3,901	3,901
8	320.0	PUMPING PLANT: LAND*	1,860	1,860	10,468	0	0	12,328	298	16,551	10,169
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	144,633	144,633	813,690	59,691	0	1,018,214	23,919	165,551	849,663
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	968,523	0	0	0	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0
12	330.0	PUMPING PLANT: WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0
13	331.0	PUMPING PLANT: WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	4,211	635	3,576	0	0	4,211	102	737	3,474
14	332.0	PUMPING PLANT: WATER TREATMENT PLANT: EQUIPMENT	55,552	0	55,552	0	0	55,552	0	55,552	0
15	340.1	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	0	0	0	0	0	0	0
16	340.2	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	1,663,153	250,955	1,412,198	7,347	0	1,670,500	40,337	291,292	1,379,208
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	9,502,472	1,433,839	8,068,633	278,270	(8,806)	9,771,936	233,220	1,658,254	8,113,682
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	91,874	13,863	78,011	6,640	0	98,514	2,304	16,167	82,347
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	1,999,217	301,664	1,697,553	118,842	(10,476)	2,107,583	49,692	340,881	1,766,702
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	464,083	70,026	394,057	4,962	(3,428)	465,617	11,249	77,847	387,770
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	562,609	84,893	477,716	3,216	0	565,825	13,654	98,547	467,278
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	6,307	0	6,307	0	0	6,307	0	0	6,307
24	389.1	GENERAL PLANT: LAND - OFFICE*	63	0	63	0	0	63	0	0	63
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	124,389	18,769	105,620	0	0	124,389	3,010	21,779	102,610
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	22,681	3,422	19,259	121	0	22,802	550	3,973	18,829
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	478	72	406	0	0	478	12	84	394
29	390.3	GENERAL PLANT: MISC. BUILDINGS	22,903	3,456	19,447	0	(139)	22,764	553	3,869	18,895
30	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	18,324	2,840	15,984	1,213	0	20,037	470	3,311	16,726
31	391.1	GENERAL PLANT: OFFICE FURNITURE	16,241	2,451	13,790	339	0	16,580	397	2,848	13,732
32	391.2	GENERAL PLANT: WAREHOUSE EQUIPMENT	259	39	220	0	0	259	6	45	214
33	391.3	GENERAL PLANT: GARAGE EQUIPMENT	56,177	8,477	47,700	1,526	(37)	57,666	1,378	9,817	47,849
34	394.0	GENERAL PLANT: LAB EQUIPMENT	1,146	173	975	49	0	1,197	28	202	995
35	395.0	GENERAL PLANT: POWER EQUIPMENT	30,101	4,542	25,559	1,916	(514)	31,503	745	4,773	26,730
36	396.0	GENERAL PLANT: POWER EQUIPMENT	126,784	19,131	107,653	0	0	126,784	3,068	22,199	104,585
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	1,781	269	1,512	464	0	2,245	49	317	1,928
38	397.1	GENERAL PLANT: MOBILE RADIOS	59	9	50	1,460	0	1,519	19	28	1,491
39	397.2	GENERAL PLANT: AUTO CONTROLS	232	35	197	0	0	232	6	41	191
40	398.0	GENERAL PLANT: MISC.	\$16,013,597	\$2,405,391	\$13,608,206	\$500,251	(\$23,400)	\$16,430,448	\$391,548	\$2,773,539	\$13,716,909
41		TOTALS									

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUO	1992 DEPRECIATION EXPENSE PER RUO	1992 ACCUMULATED DEPRECIATION PER RUO	1992 YEAR END NET PLANT PER RUO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUO	1993 DEPRECIATION EXPENSE PER RUO	1993 ACCUMULATED DEPRECIATION PER RUO	1993 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES MISC.	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	0	0	0	0	0	0	0	0	0	0
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	0	0	0	0	0	0	0	0	0	0
7	310.4	SOURCE OF SUPPLY: WELLS*	541	0	6,545	6,659	52,477	225,381	333	0	275,718	7,137	59,615	216,101
8	320.0	PLANT: LAND*	0	0	3,901	298	2,457	3,901	278	0	3,901	319	2,776	3,901
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	93,159	(32,177)	1,079,196	25,379	16,173	917,443	41,295	(9,246)	1,111,245	28,366	180,873	930,372
10	321.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
11	321.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	321.0	PUMPING PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	330.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0	0	0
14	330.0	WATER TREATMENT PLANT: EQUIPMENT	41,065	0	45,276	599	1,336	43,940	4,024	0	49,960	1,225	2,561	46,739
15	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	55,552	0	0	55,552	0	0	55,552	0	0	55,552
16	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: MAINS	455,132	(20,215)	1,670,500	40,426	331,718	1,338,782	14,315	0	1,684,815	43,451	375,170	1,309,645
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	151,594	0	10,186,853	241,501	1,879,540	8,307,313	687,728	(60,523)	10,814,058	271,962	2,090,379	8,723,679
20	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	21,869	(11,002)	103,108	2,440	18,606	84,502	6,846	0	109,954	27,559	21,363	88,591
21	345.0	TRANSMISSION & DISTRIBUTION: METERS	21,869	(11,002)	2,250,297	52,730	382,609	1,867,688	177,979	(7,729)	2,400,447	60,486	455,365	1,945,082
22	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	27,584	(2,241)	475,652	11,392	77,605	396,247	44,558	(12,212)	508,598	12,748	117,548	490,850
23	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	27,584	(2,241)	591,538	14,004	110,310	481,228	71,822	(8,801)	654,759	16,140	117,548	536,911
24	385.1	GENERAL PLANT: LAND - OFFICE*	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
25	385.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
26	385.3	GENERAL PLANT: LAND - BUILDINGS	0	0	124,389	0	0	124,389	0	0	124,389	0	0	124,389
27	390.1	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	22,802	552	4,525	18,277	143,365	0	186,110	2,468	8,971	159,139
28	390.2	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	95	19,344	0	0	22,764	590	108	370
29	390.3	GENERAL PLANT: OFFICE EQUIPMENT	0	0	22,764	551	4,420	17,344	3,131	0	24,379	591	5,010	17,754
30	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	1,211	0	21,248	500	3,259	17,436	800	0	18,215	481	3,721	14,494
31	391.1	GENERAL PLANT: OFFICE FURNITURE	835	0	17,415	411	54	14,156	0	0	18,215	11	65	357
32	391.2	GENERAL PLANT: WAREHOUSE EQUIPMENT	163	0	422	1,304	206	48,026	334	(874)	49,552	1,290	2,482	47,070
33	394.0	GENERAL PLANT: GARAGE EQUIPMENT	1,481	(9,055)	50,092	28	231	966	0	0	1,197	31	282	935
34	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,197	886	4,824	37,737	0	0	42,561	1,102	5,926	36,535
35	396.0	GENERAL PLANT: POWER EQUIPMENT	11,904	(846)	126,784	3,068	25,267	101,517	0	0	126,784	3,284	28,551	98,233
36	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	2,245	54	372	1,973	3,567	0	5,812	104	476	5,336
37	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	3,115	56	84	3,031	2,423	0	5,536	112	196	5,342
38	397.2	GENERAL PLANT: AUTO CONTROLS	1,596	0	232	6	46	186	0	(40)	192	5	12	180
39	398.0	TOTALS	\$795,220	(\$87,170)	\$17,196,498	\$405,885	\$3,092,254	\$14,106,244	\$1,482,651	(\$115,907)	\$18,565,242	\$461,202	\$3,437,546	\$15,127,696

REFERENCE
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUO	1994 DEPRECIATION PER RUO	1994 ACCUMULATED DEPRECIATION PER RUO	1994 YEAR END NET PLANT PER RUO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUO	1995 DEPRECIATION PER RUO	1995 ACCUMULATED DEPRECIATION PER RUO	1995 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	1,290	0	5,538	0	0	10,962	5,044	0	10,962	0	0	10,962
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	490	0	7,368	0	0	7,368	55	0	7,368	0	0	7,368
7	311.0	SOURCE OF SUPPLY: LAND - WELLS*	2,244	0	27,960	0	0	28,204	10,854	0	28,204	0	0	28,204
8	320.0	PUMPING PLANT: LAND*	584	0	12,912	0	0	13,496	80,629	0	13,496	0	0	13,496
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	15,548	0	1,126,793	28,967	28,967	1,195,760	80,629	0	1,195,760	30,206	30,206	1,225,966
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	391	0	361	0	0	361	0	0	361	0	0	361
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	397	0	52,657	1,320	3,881	52,657	0	0	52,657	1,364	5,245	47,412
14	332.0	WATER TREATMENT PLANT: EQUIPMENT TANKS & MAINS*	0	0	55,552	0	0	55,552	0	0	55,552	0	0	55,552
15	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS*	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	341.1	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
19	343.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	898,588	0	1,834,815	43,637	418,806	1,268,009	333	0	1,268,009	43,641	462,447	1,222,701
20	344.0	TRANSMISSION & DISTRIBUTION: MAINS	3,181	0	11,672,815	291,205	2,442,355	9,330,460	796,352	0	9,330,460	312,137	2,615,616	8,814,825
21	345.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	245,332	0	113,115	2,889	24,254	89,851	393,197	0	12,130,441	2,968	27,242	90,355
22	346.0	TRANSMISSION & DISTRIBUTION: SERVICES	40,332	0	2,653,730	65,788	45,163	2,167,567	31,921	0	3,039,499	73,805	555,482	2,844,017
23	348.0	TRANSMISSION & DISTRIBUTION: METERS	18,229	0	540,382	17,146	133,130	527,234	48,717	0	583,301	14,293	88,969	474,332
24	349.1	GENERAL PLANT: LAND - OFFICE*	0	0	68,624	0	0	68,624	0	0	715,941	17,938	151,068	564,873
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
26	390.1	GENERAL PLANT: LAND - MISC*	8,911	0	386,718	9,969	23,799	384,917	3,724	0	392,440	10,116	33,915	358,525
27	390.2	GENERAL PLANT: OFFICE BUILDINGS	5,724	0	171,834	4,378	11,347	180,487	0	0	171,834	4,451	15,798	156,036
28	391.0	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	120	358	0	0	478	12	132	346
29	391.1	GENERAL PLANT: MISC. BUILDINGS	0	0	22,134	541	4,961	17,173	23,837	0	45,971	882	5,843	40,128
30	391.2	GENERAL PLANT: ELECTRICAL EQUIPMENT	887	0	25,248	643	2,307	22,945	0	0	25,246	654	5,898	19,348
31	391.3	GENERAL PLANT: OFFICE FURNITURE	1,128	0	19,343	29	2,307	15,136	0	0	19,343	501	4,708	14,635
32	391.4	GENERAL PLANT: OFFICE FURNITURE	2,034	0	1,343	29	658	1,285	11,095	0	12,378	184	5,200	13,273
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	11,768	0	61,025	1,432	3,619	57,406	0	0	61,025	1,581	5,200	55,825
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	1,197	31	293	904	0	0	1,197	31	324	873
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	42,209	1,098	6,872	35,337	0	0	42,209	1,093	7,783	34,426
36	397.0	GENERAL PLANT: POWER EQUIPMENT	0	0	126,784	3,284	31,834	94,950	4,533	0	131,417	3,344	3,344	128,073
37	397.1	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	4,320	0	10,132	206	663	9,469	2,918	0	13,046	3,344	3,344	12,700
38	397.2	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	137	0	5,675	145	341	5,334	8,394	0	13,046	3,344	3,344	12,700
39	397.3	GENERAL PLANT: AUTO CONTROLS	0	0	1,118	17	29	1,089	0	0	1,118	29	29	1,089
40	398.0	GENERAL PLANT: MISC.	924	0	19,767,818	494,384	3,972,861	15,833,653	\$1,424,339	(\$35,390)	\$21,098,843	\$327,077	\$4,304,651	\$16,794,192
41		TOTALS	\$1,281,427	(\$59,051)	\$19,767,818	\$494,384	\$3,972,861	\$15,833,653	\$1,424,339	(\$35,390)	\$21,098,843	\$327,077	\$4,304,651	\$16,794,192

REFERENCE:
ACC STAFF D.R. NO. REL 124

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 YEAR END PLANT VALUE PER RUCCO	1996 DEPRECIATION EXPENSE PER RUCCO	1996 ACCUMULATED DEPRECIATION PER RUCCO	1996 NET PLANT PER RUCCO	1997 ADDITIONS PER COMPANY	1997 YEAR END PLANT VALUE PER RUCCO	1997 DEPRECIATION EXPENSE PER RUCCO	1997 ACCUMULATED DEPRECIATION PER RUCCO	1997 NET PLANT PER RUCCO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	3,439	14,421	0	0	14,421	0	14,957	0	0	14,957
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	0	0	0	0	0	0	0	0
7	311.0	SOURCE OF SUPPLY: WELLS	76,402	319,962	7,368	47,022	272,940	61,984	381,948	9,090	56,112	325,836
8	320.0	PUMPING PLANT: LAND*	2,022	3,901	0	0	3,901	0	3,901	0	0	3,901
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	118,824	1,318,227	32,695	264,727	1,053,500	83,154	1,360,773	35,082	289,203	1,101,572
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	0	0	0	0	0	0	0	0
11	328.0	PUMPING PLANT: MECHANICAL EQUIPMENT	0	0	0	0	0	0	0	0	0	0
12	330.0	PUMPING PLANT: TANKS & MAINS*	0	0	0	0	0	0	0	0	0	0
13	332.0	WATER TREATMENT PLANT: EQUIPMENT	28,024	76,881	1,701	8,548	71,735	251	78,332	2,041	8,397	69,945
14	332.0	WATER TREATMENT PLANT: STRUCTURES	0	0	0	0	0	0	0	0	0	0
15	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: MAINS	18,084	1,703,242	43,880	508,327	1,196,915	937	1,704,179	44,126	550,433	1,153,752
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	37,755	12,868,913	328,922	2,905,414	10,063,499	1,682,768	14,611,104	357,161	3,222,608	11,388,504
20	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	442,324	122,841	3,111	30,353	92,288	18,958	130,397	3,326	53,149	105,848
21	345.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	49,468	3,449,230	84,028	606,918	2,842,312	517,254	3,703,585	99,819	686,182	3,283,747
22	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	83,244	600,395	15,070	91,665	508,730	116,551	702,445	16,713	92,137	610,308
23	348.0	GENERAL PLANT: LAND - OFFICE*	0	6,307	0	0	6,307	158,340	824,508	22,068	179,270	745,336
24	348.0	GENERAL PLANT: LAND - WAREHOUSE*	0	6,307	0	0	6,307	0	6,307	0	0	6,307
25	348.2	GENERAL PLANT: LAND - MISC.*	0	63	0	0	63	0	63	0	0	63
26	393.3	GENERAL PLANT: OFFICE BUILDINGS	0	392,440	10,164	44,080	348,360	0	392,440	10,164	54,244	338,196
27	390.1	GENERAL PLANT: WAREHOUSE BUILDINGS	0	171,139	4,451	20,248	151,586	0	171,139	4,451	24,699	147,135
28	390.2	GENERAL PLANT: MISC. BUILDINGS	0	478	12	145	333	0	478	12	157	466
29	391.0	GENERAL PLANT: OFFICE EQUIPMENT	5,625	30,921	1,191	7,034	36,937	0	45,971	1,191	8,223	37,748
30	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	1,508	20,851	521	5,228	15,623	1,940	30,921	565	7,726	22,695
31	391.2	GENERAL PLANT: OFFICE FURNITURE*	0	12,378	321	(575)	12,853	0	12,378	321	579	16,997
32	391.2	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	74,825	1,759	5,590	69,235	7,567	82,392	2,038	7,628	74,768
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	15,169	1,197	31	355	1,166	0	1,197	31	386	811
34	394.0	GENERAL PLANT: POWER EQUIPMENT	0	41,002	1,076	7,582	33,367	0	41,002	1,062	8,697	32,305
35	396.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	131,417	3,424	38,582	92,835	0	131,417	3,404	41,965	89,332
36	397.0	GENERAL PLANT: MOBILE RADIOS	6,667	12,834	329	1,407	16,308	2,162	21,877	539	1,946	19,931
37	397.0	GENERAL PLANT: AUTO CONTROLS	234	5,482	86	(562)	5,154	5,920	14,433	353	(209)	14,642
38	397.2	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0
39	397.2	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0
40	398.0	TOTALS	\$1,415,115	\$22,114,354	\$561,243	\$4,788,495	\$17,840,453	\$2,660,578	\$24,974,920	\$611,443	\$5,279,382	\$19,695,538

REFERENCE
ACC STAFF D.R. NO. REL 1-24

NOTE:
*NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUO	1998 DEPRECIATION EXPENSE PER RUO	1998 ACCUMULATED DEPRECIATION PER RUO	1998 YEAR END NET PLANT PER RUO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUO	1999 DEPRECIATION EXPENSE PER RUO	1999 ACCUMULATED DEPRECIATION PER RUO	1999 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	1,435	0	1,435	0	0	1,435	0	0	1,435	0	0	1,435
3	303.0	INTANGIBLES: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	627	0	15,584	0	0	15,584	23,668	0	39,252	0	0	39,252
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	4,773	0	0	4,773	40,952	0	45,725	0	0	45,725
7	314.0	SOURCE OF SUPPLY: LAND - WELLS*	61,932	0	429,234	10,505	(2,595)	37,262	609,852	(13,268)	1,025,771	18,842	57,529	968,242
8	320.0	PUMPING PLANT: LAND*	0	0	3,901	636	0	20,345	3,901	0	29,102	835	4,900	24,202
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	24,550	4,203	0	1,496,854	4,552	0	1,966,997	49,138	379,898	1,587,099
10	322.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	436,758	0	1,827,415	41,676	330,761	0	139,582	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	361	0	42	319	0	0	361	9	51	310
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	79,932	2,044	11,031	67,901	1,004	0	79,936	2,057	13,089	66,847
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	52,142	0	107,694	4,451	0	107,694	75,765	0	183,459	0	0	183,459
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,357,381	0	3,081,560	61,718	612,170	2,449,390	411,603	0	3,473,163	84,625	696,794	2,776,369
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	3,604,740	0	18,188,906	424,760	3,619,822	14,569,084	3,410,550	(30,806)	21,568,850	514,860	4,103,276	17,464,774
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	34,563	0	174,180	4,063	37,812	136,348	62,860	0	237,020	5,325	43,137	193,883
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	789,137	0	4,729,355	112,397	788,868	3,940,487	1,036,559	(15,515)	5,750,399	135,713	903,066	4,841,333
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	127,153	0	824,420	19,774	108,603	717,617	107,199	(6,213)	925,406	22,660	123,050	802,356
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	346,777	0	1,269,180	28,413	205,180	1,064,000	488,648	(7,811)	1,750,217	39,101	236,870	1,513,347
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	63	0	0	63	0	0	63	0	0	63
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	40,646	0	40,646	0	0	40,646
26	389.3	GENERAL PLANT: LAND - MISC.	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	392,440	10,164	64,408	328,032	0	0	392,440	10,164	74,572	317,868
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	171,834	4,451	29,149	142,685	1,317	0	173,151	4,468	33,617	139,534
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	170	308	0	0	45,971	1,191	182	45,789
30	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	45,971	9,415	9,415	36,556	33,188	0	81,983	1,590	10,606	35,365
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	17,624	0	48,545	1,029	8,255	40,290	3,712	0	52,002	654	9,945	72,038
32	391.2	GENERAL PLANT: OFFICE FURNITURE	608	0	23,399	598	6,392	17,007	3,712	0	27,111	323	7,046	20,065
33	394.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	105	0	12,483	322	68	12,483	17,182	0	12,483	323	391	12,092
34	394.1	GENERAL PLANT: WAREHOUSE EQUIPMENT	13,798	0	96,190	2,313	9,339	86,245	5,988	0	113,372	2,714	12,653	100,719
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,197	31	975	86,245	5,988	0	7,195	109	525	6,670
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	41,002	1,062	9,750	31,243	0	0	41,002	1,062	10,821	30,181
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	131,417	3,404	45,389	86,028	0	0	131,417	3,404	48,793	82,624
38	397.1	GENERAL PLANT: MOBILE RADIOS	3,395	0	25,272	5,957	2,556	22,716	34,225	0	36,375	798	3,355	33,020
39	397.2	GENERAL PLANT: AUTO CONTROLS	377,076	0	391,569	5,957	5,048	386,461	6,197	0	425,734	10,583	15,632	410,102
40	398.0	GENERAL PLANT: MISC.	4,727	0	16,158	357	719	(382)	6,197	0	22,336	498	1,217	21,119
41		TOTALS	\$7,290,008	(\$59,222)	\$32,147,180	\$736,794	\$5,967,555	\$26,172,368	\$6,566,563	(\$73,431)	\$38,638,858	\$910,696	\$6,794,821	\$31,844,037

REFERENCE:
ACC STAFF D.R. NO. REL 1:24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 (RETIREMENTS) PER COMPANY	2000 YEAR END PLANT VALUE PER RUO	2000 DEPRECIATION EXPENSE PER RUO	2000 ACCUMULATED DEPRECIATION PER RUO	2000 YEAR END NET PLANT PER RUO	2001 ADDITIONS PER COMPANY	2001 (RETIREMENTS) PER COMPANY	2001 YEAR END PLANT VALUE PER RUO	2001 DEPRECIATION EXPENSE PER RUO	2001 ACCUMULATED DEPRECIATION PER RUO	2001 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,435	0	0	1,435	0	0	1,435	0	0	1,435
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	71,284	0	110,536	0	0	110,536	3,420	0	113,956	0	0	113,956
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	(6,774)	36,951	0	(9,269)	27,682	10,488	0	38,170	0	(9,269)	28,901
7	314.0	SOURCE OF SUPPLY: LAND - WELLS	114,403	0	1,140,174	28,049	85,578	1,054,596	1,365,253	0	2,505,439	47,211	132,788	2,638,227
8	320.0	PUMPING PLANT: LAND*	0	0	3,901	0	0	3,901	10,288	0	14,187	0	0	14,187
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	91	0	23,193	755	5,655	22,538	14,428	0	43,622	943	6,598	37,024
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	45,014	(8,975)	2,053,136	51,413	422,436	1,580,703	530,580	(72,125)	2,461,591	57,818	408,130	2,053,461
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	361	9	61	300	9,339	0	9,760	131	192	9,568
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	44,574	(44,268)	80,244	2,074	(29,103)	109,347	42,500	0	122,744	2,623	(26,474)	149,218
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	183,459	0	0	183,459	339	0	183,798	0	0	183,798
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: MANS*	2,184,775	(28,041)	23,705,384	89,955	786,749	2,688,414	282,173	(87,919)	3,755,336	93,609	880,358	2,874,978
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	54,029	0	291,049	6,838	49,975	241,074	61,382	0	352,431	8,333	58,308	394,123
20	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	707,721	(11,899)	6,446,221	157,946	1,055,113	5,391,108	1,013,319	(16,604)	7,442,956	179,865	1,218,374	6,224,582
21	346.0	TRANSMISSION & DISTRIBUTION: METERS	205,811	(15,747)	1,115,470	28,429	133,733	981,737	166,809	(19,607)	1,253,272	30,805	143,535	1,109,737
22	349.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	233,228	(1,270)	1,982,175	48,334	283,735	1,698,440	446,189	(5,877)	2,422,467	57,040	334,898	2,087,569
23	359.1	GENERAL PLANT: LAND - OFFICE*	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
24	359.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
25	359.3	GENERAL PLANT: LAND - MISC.*	0	0	40,646	0	0	40,646	0	0	40,646	0	0	40,646
26	359.4	GENERAL PLANT: OFFICE BUILDINGS	10,872	0	403,312	10,305	84,877	318,435	0	0	403,312	10,446	95,323	307,989
27	359.5	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	173,151	4,485	38,194	135,056	0	0	173,151	4,485	42,586	130,565
28	359.6	GENERAL PLANT: MISC. BUILDINGS	0	0	45,978	1,191	11,797	34,174	0	0	45,978	12	207	45,966
29	359.7	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	44,856	1,191	12,103	32,753	7,920	0	45,971	1,191	12,987	32,984
30	359.8	GENERAL PLANT: OFFICE FURNITURE	2,873	0	80,079	2,158	7,786	72,293	9,365	0	89,444	2,294	14,397	75,047
31	359.9	GENERAL PLANT: WAREHOUSE EQUIPMENT	2,966	0	12,483	323	715	11,768	1,528	0	14,011	343	1,058	12,953
32	360.0	GENERAL PLANT: GARAGE EQUIPMENT	16,446	0	129,818	3,149	15,802	114,016	10,734	(3,500)	137,052	3,456	15,758	121,294
33	360.1	GENERAL PLANT: LAB EQUIPMENT	1,511	0	8,706	206	731	7,975	0	0	8,706	225	957	7,749
34	360.2	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	(10,555)	30,447	925	1,192	29,255	0	0	30,447	789	1,980	28,467
35	360.3	GENERAL PLANT: AUTO CONTROLS	6,093	0	131,417	3,404	52,197	79,220	0	0	131,417	3,404	55,600	75,817
36	360.4	GENERAL PLANT: MOBILE RADIOS	34,715	0	42,468	1,021	4,376	38,092	451	0	42,919	1,106	5,481	37,438
37	360.5	GENERAL PLANT: MISC.	3,853	0	460,449	11,476	27,108	433,341	43,800	0	504,249	12,493	39,601	464,648
38	360.6	TOTALS	\$3,719,871	(\$127,427)	\$42,231,302	\$1,036,125	\$7,705,518	\$34,500,411	\$5,742,278	(\$205,032)	\$50,748,540	\$1,194,051	\$8,694,537	\$42,074,011

REFERENCE:
ACC STAFF D.R. NO. REL 1-24
NOTE:
* NON-DEPRECIABLE PLANT

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT VALUE PER RUO	2002 DEPRECIATION EXPENSE PER RUO	2002 ACCUMULATED DEPRECIATION PER RUO	2002 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,435	0	0	1,435
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	16,998	0	130,954	0	0	130,954
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	49,439	0	(9,369)	58,808
7	314.0	SOURCE OF SUPPLY: LAND - WELLS*	594,081	(24,552)	3,074,966	72,266	180,503	2,894,463
8	320.0	PUMPING PLANT: LAND*	0	0	14,187	0	0	14,187
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	1,790	0	45,412	1,153	7,751	37,661
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	399,104	(69,656)	2,791,039	68,022	406,495	2,384,544
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	9,780	253	445	9,315
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	8,861	0	104,851	2,947	(50,281)	155,132
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	183,798	0	0	183,798
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	45,648	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,161,156	(65,546)	3,800,984	97,854	978,213	2,822,771
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	14,968	0	29,425,079	747,921	5,930,442	23,494,637
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	720,050	(9,951)	8,153,035	9,322	67,630	299,769
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	112,121	(8,645)	1,366,748	201,968	1,410,391	6,742,644
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	146,918	(12,421)	2,556,984	34,059	170,944	1,195,804
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	1,802	0	8,109	64,484	386,961	2,170,023
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	63	0	0	8,109
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	40,646	0	0	40,646
26	389.3	GENERAL PLANT: LAND - MISC.*	26,162	0	429,474	10,785	106,108	323,367
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	173,151	4,485	47,071	126,080
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	478	12	219	259
29	390.3	GENERAL PLANT: MISC. BUILDINGS	137,836	(38,337)	145,469	2,479	(22,871)	168,340
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	92,476	2,395	16,792	75,684
31	391.2	GENERAL PLANT: ELECTRICAL EQUIPMENT	846	0	39,444	1,022	9,708	29,736
32	391.3	GENERAL PLANT: OFFICE FURNITURE	0	0	14,857	374	1,432	13,425
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	12,348	(2,265)	147,135	3,680	17,173	129,961
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	1,845	0	10,551	249	1,206	9,344
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	30,447	789	2,769	27,678
36	396.0	GENERAL PLANT: POWER EQUIPMENT	7,307	0	138,724	3,498	59,099	79,626
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	42,919	1,112	6,593	36,326
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	504,249	13,060	62,661	451,588
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	25,264	664	2,139	(1,475)
40	398.0	GENERAL PLANT: MISC.	306	(1,041)	25,264	664	2,139	(1,475)
41		TOTALS	\$3,410,146	(\$259,169)	\$53,919,526	\$1,344,852	\$9,780,222	\$44,114,704
42		BALANCES PER COMPANY			\$ 54,521,888		\$ 8,791,705	
43		BALANCES PER RUO			\$ 53,919,526		\$ 9,780,222	
44		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**			\$130,939			
45		TOTAL ADJUSTMENTS			\$ (733,301)			
46					\$ 988,516			

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUO D.R. NO. 6.2

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.2498 PER RUO D.R. NO. 4.2

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE
& METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	\$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.2383
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 984,072
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	870,209
7	RUCO ADJUSTMENT TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	\$ 113,863

REFERENCES:
LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11
LINE 2: COMPANY SCHEDULE B-2 PAGE 10
LINE 3: LINE 1 + LINE 2
LINE 4: COMPANY SCHEDULE B-1 PAGE 1
LINE 5: LINE 3 x LINE 4
LINE 6: COMPANY SCHEDULE B-1 PAGE 1 (SUM OF LINES 6 AND 7)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	\$ 3,903,884	\$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	\$ 3,450,662	\$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	\$ 3,577,227	\$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.2383	0.2383	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	\$ 852,453	\$ 822,293	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		\$ (30,160)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

DOCKET NO. W-1445A-00-0962
SCHEDULE WAR-7
PAGE 1 OF 4

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	CASH WORKING CAPITAL PER COMPANY	\$ 328,417	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(217,595)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	(546,012)	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	43,863	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	42,142	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	(1,721)	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	68,040	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	63,414	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	(4,626)	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	118,768	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	109,604	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	(9,164)	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	(561,523)	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 2 OF 4

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	\$ DAYS
1	PURCHASED POWER	\$ 645,378	\$ 24,205	\$ 669,583	27.97	\$ 18,728,237
2	PAYROLL	1,170,887	47,955	1,218,842	14.00	17,063,793
3	PURCHASED WATER	971,436	(170,229)	801,207	(17.45)	(13,981,062)
4	CHEMICALS	52,405	10,667	63,072	25.00	1,576,800
5	PROPERTY & LIABILITY INSURANCE	20,666	(179)	20,487	(45.27)	(927,461)
6	WORKER'S COMPENSATION	15,713	2,532	18,245	(46.50)	(848,386)
7	HEALTH INSURANCE	228,778	(15,701)	213,077	(8.92)	(1,900,646)
8	OTHER O&M EXPENSES	873,925	(541,953)	331,972	(9.27)	(3,077,384)
9	DEPRECIATION & AMORTIZATION	1,425,604	(129,165)	1,296,439	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	922,496	(168,251)	754,245	61.95	46,728,706
11	DEFERRED INCOME TAXES	165,955	N/A	N/A	N/A	N/A
12	FICA TAXES	87,552	4,770	92,322	14.00	1,292,508
13	FUTA & SUTA TAXES	1,919	260	2,179	83.10	181,075
14	PROPERTY TAXES	758,542	(16,482)	742,060	212.00	157,316,800
15	REG., CONTRACT, & MISCELLANEOUS FEES	145,480	10,837	156,317	(98.83)	(15,448,804)
16	SALES & OCCUPATION TAXES	715,798	56,022	771,820	37.53	28,966,405
17	PENSION EXPENSE	100,078	8,671	108,749	34.72	3,775,765
18	TOTAL	\$ 8,302,612	\$ (876,040)	\$ 7,260,617 *	32.98	\$ 239,446,345

NOTE

N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION

* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 3 OF 4

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	AVERAGE EXPENSE LAG	32.98	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	<u>22.04</u>	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(10.94)	LINE 2 - LINE 1
4	TOTAL EXPENSES	\$ 7,260,617	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(217,595)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	<u>\$ 328,417</u>	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	<u><u>\$ (546,012)</u></u>	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 4 OF 4

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS	
1	04/12/99	07/01/99	(80.00)	\$ 397,000	(31,760,000)	
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)	
3	09/14/99	07/01/99	75.00	486,000	36,450,000	
4	12/14/99	07/01/99	166.00	970,000	161,020,000	
5	03/14/00	07/01/99	257.00	<u>(240,000)</u>	<u>(61,680,000)</u>	
6	TOTALS			\$ 1,663,000	103,030,000	
7	INCOME TAX LAG		<table border="1"><tr><td>61.95</td></tr></table>	61.95		
61.95						

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
<u>REVENUES - WATER:</u>						
1	REVENUE FROM WATER SALES	\$ 8,943,927	\$ 668,082	\$ 9,612,009	\$ (632,849)	\$ 8,979,160
2	OTHER REVENUES	-	-	-	-	-
3	TOTAL OPERATING REVENUES	\$ 8,943,927	\$ 668,082	\$ 9,612,009	\$ (632,849)	\$ 8,979,160
<u>OPERATING EXPENSES:</u>						
2	PURCHASED WATER	\$ 1,003,040	\$ (71,608)	\$ 931,432	\$ -	\$ 931,432
3	OTHER	23,251	136	23,387		23,387
4	PURCHASED POWER	618,711	65,047	683,758		683,758
5	PURCHASED GAS	-	-	-		-
6	OTHER	117,465	49,419	166,884		166,884
7	WATER TREATMENT	191,642	1,958	193,600		193,600
8	TRANSMISSION & DISTRIBUTION	758,594	13,231	771,825		771,825
9	CUSTOMER ACCOUNTS	636,246	28,603	664,849		664,849
10	SALES	2,059	(406)	1,653		1,653
11	ADMINISTRATIVE & GENERAL	896,828	39,156	935,984		935,984
12	DEPRECIATION & AMORTIZATION	1,425,605	(129,166)	1,296,439		1,296,439
13	PROPERTY TAXES	751,447	(9,387)	742,060		742,060
14	OTHER TAXES	70,454	24,048	94,501		94,501
15	INCOME TAXES	585,651	413,775	999,426	(245,181)	754,245
16	TOTAL OPERATING EXPENSES	\$ 7,080,992	\$ 424,806	7,505,798	\$ (245,181)	\$ 7,260,617
17	NET INCOME	\$ 1,862,935	\$ 243,276	\$ 2,106,211	\$ (387,668)	\$ 1,718,542

REFERENCES:

COLUMN (A): CO. SCH. C-1, PG. 1
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-9

LINE NO.	DESCRIPTION	COMPANY PROPOSED	ADJ. #1	ADJ. #2	ADJ. #3	ADJ. #4	ADJ. #5	ADJ. #6	ADJ. #7	ADJ. #8	ADJ. #9	ADJ. #10	ADJ. #11	RUCO ADJUSTED
REVENUES - WATER														
1	REVENUE FROM WATER SALES	\$ 8,943,927	\$ 1,187,356	\$ (771,820)	\$ 49,226	\$ (13,615)	\$ 216,935	\$	\$	\$	\$	\$	\$	\$ 9,612,009
2	OTHER REVENUES													
3	TOTAL OPERATING REVENUES	\$ 8,943,927	\$ 1,187,356	\$ (771,820)	\$ 49,226	\$ (13,615)	\$ 216,935	\$	\$	\$	\$	\$	\$	\$ 9,612,009
OPERATING EXPENSES														
2	PURCHASED WATER	\$ 1,003,040	\$ (201,833)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 931,432
3	OTHER	23,251	136											23,387
4	PURCHASED POWER	618,711	50,872			(3,791)	17,966							683,758
5	PURCHASED GAS													
6	OTHER	117,465	49,419											166,884
7	WATER TREATMENT	191,642	(2,868)				4,826							193,600
8	TRANSMISSION & DISTRIBUTION	758,594	21,371			(8,140)								771,825
9	CUSTOMER ACCOUNTS	636,246	28,603											664,849
10	SALES	2,059	(406)											1,653
11	ADMINISTRATIVE & GENERAL	896,828	(43,101)	(19,504)			15,911	85,850						935,984
12	DEPRECIATION & AMORTIZATION	1,425,605							(129,166)					1,296,439
13	PROPERTY TAXES	751,447								(9,387)				742,060
14	OTHER TAXES	70,454	776,364	(752,316)										94,501
15	INCOME TAXES	585,651										413,775		999,426
16	TOTAL OPERATING EXPENSES	\$ 7,080,992	\$ 678,557	\$ (771,820)	\$	\$ (11,931)	\$ 38,703	\$ 85,850	\$	\$ (129,166)	\$ (9,387)	\$ 413,775	\$ 130,225	\$ 7,505,798
17	NET INCOME	\$ 1,862,935	\$ 508,800	\$	\$ 49,226	\$ (1,684)	\$ 178,232	\$ (85,850)	\$	\$ 129,166	\$ 9,387	\$ (413,775)	\$ (130,225)	\$ 2,106,211

ADJUSTMENT #	REFERENCE	ADJUSTMENT #	REFERENCE
1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL	RUCO D.R. NO. 1.10	7. REMOVE MAP SURCHARGE REVENUES	TESTIMONY WAR
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES	RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO. REL 19-1	8. DEPRECIATION & AMORTIZATION EXPENSE	SCHEDULE WAR-12
3. ELIMINATE PPAM AND PWAM REVENUES	RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2	9. PROPERTY TAX EXPENSE	SCHEDULE WAR-13
4. ELIMINATE UNBILLED REVENUES & EXPENSES	RUCO D.R. NO. 7.3	10. INCOME TAX EXPENSE	SCHEDULE WAR-14
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES	RUCO D.R. NO. 6.6	11. PURCHASED CAP WATER EXPENSE	SCHEDULE WAR-15
6. AMORTIZATION OF RATE CASE EXPENSE	COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
<u>REVENUES - WATER:</u>					
1	REVENUE FROM WATER SALES	\$ 8,943,927	\$ 10,131,283	\$ 8,943,927	\$ 1,187,356
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 8,943,927	\$ 10,131,283	\$ 8,943,927	\$ 1,187,356
<u>OPERATING EXPENSES:</u>					
4	PURCHASED WATER	\$ 1,003,040	\$ 801,207	\$ 1,003,040	\$ (201,833)
5	OTHER	23,251	23,387	23,251	136
6	PURCHASED POWER	618,711	669,583	618,711	50,872
7	PURCHASED GAS	-	-	-	-
8	OTHER	117,465	166,884	117,465	49,419
9	WATER TREATMENT	191,642	188,774	191,642	(2,868)
10	TRANSMISSION & DISTRIBUTION	758,594	779,965	758,594	21,371
11	CUSTOMER ACCOUNTS	636,246	664,849	636,246	28,603
12	SALES	2,059	1,653	2,059	(406)
13	ADMINISTRATIVE & GENERAL	896,828	853,727	896,828	(43,101)
14	DEPRECIATION & AMORTIZATION	1,425,605	1,224,438	1,425,605	- (a)
15	PROPERTY TAXES	751,447	639,367	751,447	- (a)
16	OTHER TAXES	70,454	846,817	70,454	776,364
17	INCOME TAXES	585,651	868,112	585,651	- (a)
	TOTAL OPERATING EXPENSES	\$ 7,080,992	\$ 7,728,763	\$ 7,080,992	\$ 678,557
19	NET INCOME	<u>\$ 1,862,935</u>	<u>\$ 2,402,520</u>	<u>\$ 1,862,935</u>	<u>\$ 508,800</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 1 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:

(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 2 OF 2

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
	<u>REVENUES - WATER:</u>			
1	REVENUE FROM WATER SALES	\$ 9,314,017	\$10,131,283	\$ 817,266
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 9,314,017	\$10,131,283	\$ 817,266
	<u>OPERATING EXPENSES:</u>			
4	PURCHASED WATER	805,211	801,207	(4,004)
5	OTHER	23,251	23,387	136
6	PURCHASED POWER	588,864	669,583	80,719
7	PURCHASED GAS	-	-	-
8	OTHER	117,465	166,884	49,419
9	WATER TREATMENT	189,843	188,774	(1,069)
10	TRANSMISSION & DISTRIBUTION	682,301	779,965	97,664
11	CUSTOMER ACCOUNTS	606,014	664,849	58,835
12	SALES	2,059	1,653	(406)
13	ADMINISTRATIVE & GENERAL	774,394	853,727	79,333
14	DEPRECIATION & AMORTIZATION	1,082,006	1,224,438	142,432
15	PROPERTY TAXES	647,720	639,367	(8,353)
16	OTHER TAXES	784,012	846,817	62,805
17	INCOME TAXES	889,813	868,112	(21,701)
	TOTAL OPERATING EXPENSES	7,192,953	7,728,763	535,810
19	NET INCOME	<u>\$ 2,121,064</u>	<u>\$ 2,402,520</u>	<u>\$ 281,456</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 1 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027
2	2002 CUSTOMERS	16,198	16,244	16,329	16,403	16,512	16,597	16,680	16,765	16,847	16,877	16,961	17,027
3	INCREASE IN CUSTOMERS - 2002	829	783	698	824	515	430	347	262	180	150	66	-
4	AVERAGE REVENUE FOR THE MONTH	\$ 39,24	\$ 40,89	\$ 40,95	\$ 42,61	\$ 46,87	\$ 53,32	\$ 52,31	\$ 50,92	\$ 50,74	\$ 43,94	\$ 44,39	\$ 42,98
5	INCREASE IN REVENUES	\$ 32,594	\$ 32,017	\$ 28,583	\$ 26,590	\$ 24,138	\$ 22,927	\$ 18,150	\$ 13,342	\$ 9,133	\$ 6,591	\$ 2,930	\$ -
6	TOTAL INCREASE IN REVENUE	\$ 216,935											
7	INCREASE IN REVENUE PER COMPANY												
8	REVENUE ADJUSTMENT	216,935											
9	GALLONS SOLD PER AVERAGE CUSTOMER	9,608	10,288	10,860	11,079	13,100	15,665	14,882	14,899	14,345	11,549	11,593	10,723
10	INCREASE IN CUSTOMERS	829	783	698	824	515	430	347	262	180	150	66	0
11	INCREASE IN GALLONS	7,964,894	8,055,563	7,580,244	6,913,234	6,746,344	6,735,820	5,163,905	3,903,598	2,562,046	1,732,348	765,144	0
12	TOTAL INCREASE IN GALLONS	58,143,131											
13	PUMPING COST PER GALLON	0.000309											
14	INCREASE IN PUMPING COST	17,966											
15	WATER TREATMENT COSTS PER GALLON	0.000083											
16	INCREASE IN WATER TREATMENT COSTS	4,826											
17	TOTAL INCREASE IN BILLS	4,884											
18	MONTHLY ACCOUNTING COST PER BILL	3.26											
19	INCREASE IN ACCOUNTING COST	15,911											

REFERENCES:

LINE #1 - RUCO DATA REQUEST #6.6
 LINE #2 - RUCO DATA REQUEST #6.6
 LINE #3 - LINE #1 MINUS LINE #2
 LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
 LINE #5 = LINE #3 MULTIPLIED BY LINE #4
 LINE #6 = SUMMATION OF LINE #5
 LINE #7 - NO REFERENCE
 LINE #8 - LINE #6 MINUS LINE #7
 LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6

LINE #10 = LINE #3
 LINE #11 = LINE #9 MULTIPLIED BY LINE #10
 LINE #12 = SUMMATION OF LINE #11
 LINE #13 - CO. WIP C2-5, PAGE 3
 LINE #14 = LINE #12 X LINE #13
 LINE #15 - CO. WIP C2-5, PAGE 3
 LINE #16 = LINE #12 MULTIPLIED BY LINE #15
 LINE #17 = SUMMATION OF LINE #3
 LINE #18 - CO. WIP C2-5, PAGE 4

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	\$ -	\$ -	\$ -	0.00%	\$ -
2	302.0	INTANGIBLES: FRANCHISES*	1,435	-	1,435	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	113,958	(2)	113,956	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	-	-	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	49,438	2	49,439	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	2,505,438	(1)	2,505,437	2.59%	64,891
8	320.0	PUMPING PLANT: LAND*	14,187	-	14,187	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	43,621	2	43,622	2.59%	1,130
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	2,461,590	1	2,461,591	2.59%	63,755
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	-	-	-	2.59%	-
12	330.0	WATER TREATMENT PLANT: LAND*	-	-	-	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	9,760	-	9,760	2.59%	253
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	122,743	2	122,744	2.59%	3,179
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	183,798	-	183,798	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	3,755,335	1	3,755,336	2.59%	97,263
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	28,329,468	1	28,329,469	2.59%	733,733
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	352,430	2	352,431	2.59%	9,128
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	7,442,934	2	7,442,936	2.59%	192,772
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	1,263,272	-	1,263,272	2.59%	32,719
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	2,422,487	-	2,422,487	2.59%	62,742
24	389.1	GENERAL PLANT: LAND - OFFICE*	6,307	-	6,307	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	63	-	63	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*	40,646	-	40,646	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	403,312	-	403,312	2.59%	10,446
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	173,152	(1)	173,151	2.59%	4,485
29	390.3	GENERAL PLANT: MISC. BUILDINGS	478	-	478	2.59%	12
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	22,133	23,838	45,971	2.59%	1,191
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	115,312	(23,836)	92,476	2.59%	2,395
32	391.2	GENERAL PLANT: OFFICE FURNITURE	39,445	(1)	39,444	2.59%	1,022
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	3,469	10,542	14,011	2.59%	363
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	147,593	(10,541)	137,052	2.59%	3,550
35	395.0	GENERAL PLANT: LAB EQUIPMENT	8,707	(1)	8,706	2.59%	225
36	396.0	GENERAL PLANT: POWER EQUIPMENT	30,448	(1)	30,447	2.59%	789
	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	126,784	4,633	131,417	2.59%	3,404
1	397.1	GENERAL PLANT: MOBILE RADIOS	44,636	(1,717)	42,919	2.59%	1,112
2	397.2	GENERAL PLANT: AUTO CONTROLS	500,241	4,008	504,249	2.59%	13,060
3	398.0	GENERAL PLANT: MISC.	32,926	(6,927)	25,999	2.59%	673
4							
5		TEST YEAR TOTALS	\$ 50,768,542	\$ 6	\$ 50,768,548		\$ 1,304,291
6							
7		POST TEST YEAR ADDITIONS	3,048,443	(28,404)	\$3,020,039	2.59%	78,219
8							
9		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	953,912	129,137	1,083,049 **	2.59%	28,051
10							
11		2002 TOTALS	\$ 54,770,897	\$ 100,739	\$ 54,871,635		\$ 1,410,561
12							
13		ADD:					
14		AMORTIZATION OF DEFERRED CAP CHARGES INCURRED THROUGH 2002 ***					64,521
15							
16		LESS:					
17		AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ****					178,642
18							
19		TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE					\$ 1,296,439
20							
21		DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY					1,425,605
22							
23		DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 56 - LINE 58)					\$ (129,166)

REFERENCES:

COLUMN (A): COMPANY SCHEDULE E-5 PAGE 1 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:

* NON-DEPRECIABLE PLANT ASSETS
** NET OF \$1,802 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS (\$7,215 x 0.2498 ALLOCATION FACTOR FOR 2002 = \$1,802)
*** DEFERRED CAP CHARGES AMORTIZED OVER TEN YEARS = \$645,207 + 10 YEARS = \$64,521
**** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = \$6,897,380 x 2.59% = \$178,642

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	\$ 8,487,722	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	8,598,219	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	<u>9,359,462</u>	D. R. NO. REL 19-1
4	TOTAL	\$ 26,445,403	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	8,815,134	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	<u>x 2</u>	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	<u>17,630,269</u>	LINE 5 X 2 (MULTIPLIER FOR REVENUES)
8	ADD: 10% OF CWIP BALANCE	11,268	COMPANY SCH. B-2, PG. 2; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	<u>-</u>	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	17,641,537	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	<u>25%</u>	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	4,410,384	LINE 10 X LINE 11
13	PROPERTY TAX RATE	<u>16.8253%</u>	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	742,060	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	<u>751,447</u>	COMPANY SCH. C-1, PG. 1
16	ADJUSTMENT	<u>(9,387)</u>	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	<u>FEDERAL INCOME TAXES:</u>		
1	OPERATING INCOME BEFORE INCOME TAXES	\$ 3,105,636	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	180,420	LINE 11
3	INTEREST EXPENSE	<u>516,375</u>	NOTE (a)
4	FEDERAL TAXABLE INCOME	2,408,841	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	<u>34.00%</u>	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	819,006	LINE 4 X LINE 5
	<u>STATE INCOME TAXES:</u>		
7	OPERATING INCOME BEFORE INCOME TAXES	3,105,636	LINE 1
	LESS:		
8	INTEREST EXPENSE	<u>516,375</u>	NOTE (A)
9	STATE TAXABLE INCOME	2,589,261	LINE 7 - LINE 8
10	STATE TAX RATE	<u>6.968%</u>	TAX RATE
11	STATE INCOME TAX EXPENSE	180,420	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	999,426	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	<u>585,651</u>	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	<u>\$ 413,775</u>	LINE 12 - LINE 13

NOTE (a):
INTEREST SYNCHRONIZATION

ADJUSTED RATE BASE	\$ 19,792,391
WEIGHTED COST OF DEBT	<u>2.61%</u>
	\$ 516,375

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #11 - APACHE JUNCTION PURCHASED CAP WATER EXPENSE

LINE NO.	DESCRIPTION	(A) PER COMPANY	(B) PER RUCO
1	CAWCD DELIVERY CHARGES (5,163 ACRE FEET)	\$ 299,454	\$ 299,454
2	M&I CHARGES (5,163 ACRE FEET)	144,061	144,061
3	MESA TREATMENT PLANT CHARGES	120,801	120,801
4	RESERVE CAPACITY & LEASE	137,769	137,769
5	TOTALS	<u>\$ 702,085</u>	<u>\$ 702,085</u>
5	TREATMENT COST NOVEMBER 2001 (120,801/11)=10,982 *CAP CANAL CLOSED NOV 2001 FOR REPAIRS.	\$ 10,982	\$ 10,982
6	ADDITIONAL M&I COST	113,939 (a)	77,939 (b)
7	ADDITIONAL CAWCD PER ACRE-FEET	<u>41,304</u>	<u>41,304</u>
8	TOTAL APACHE JUNCTION PURCHASED CAP WATER EXPENSE	\$ 166,225	<u><u>\$ 130,225</u></u>

REFERENCES:
COMPANY WORKPAPER FOR SCHEDULE C-2
CENTRAL ARIZONA WATER CONSERVATION DISTRICT WEB SITE

NOTES:
(a) BASED ON AN M&I CHARGE OF \$43.00 PER ACRE FOOT IN EFFECT UNTIL JUNE 30, 2003
(b) BASED ON THE CURRENT M&I CHARGE OF \$37.00 PER ACRE FOOT APPROVED BY THE CAWCD BOARD IN MARCH 2003

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	\$ 2,850,000	\$ 1,650,000	\$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	\$ 75,293,415	4,723,039	\$ 80,016,454	100.00%		8.68%

REFERENCES:

COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2001
 APACHE JUNCTION SYSTEM
 PROPOSED RATES

DOCKET NO. W-01445A-02-0619
 SCHEDULE WAR-17

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	MONTHLY MINIMUM USAGE CHARGE:			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	\$ 12.43	\$ 18.13	\$ 8.05
5	1 - INCH	24.86	40.79	20.98
6	2 - INCH	62.15	117.85	61.17
7	3 - INCH	103.58	211.58	115.35
8	4 - INCH	207.16	377.65	257.70
9	6 - INCH	362.53	717.59	500.60
10	8 - INCH	362.53	989.54	547.06
11	10 - INCH	673.27	1,624.09	1,104.33
12				
13	GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:			
14				
15	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	1,000	0	0
16				
17	COMMODITY RATE (PER 100 GAL. OVER MINIMUM):	\$0.25690	\$ 0.25250	\$ 0.25690
18				
19	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM):	\$2.56900	\$ 2.52500	\$ 2.56900

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
MONTHLY MINIMUM CHARGES

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO PROPOSED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	\$ 12.43	\$ 18.13	\$ 5.70	45.86%	\$ 8.05	\$ (4.38)	-35.24%
2	1 - INCH	24.86	40.79	15.93	64.08%	20.98	(3.88)	-15.61%
3	2 - INCH	62.15	117.85	55.70	89.62%	61.17	(0.98)	-1.58%
4	3 - INCH COMMERCIAL	103.58	211.58	108.00	104.27%	115.35	11.77	11.36%
5	4 - INCH COMMERCIAL	207.16	377.65	170.49	82.30%	257.70	50.54	24.40%
6	6 - INCH	362.53	717.59	355.06	97.94%	500.60	138.07	38.08%
7	8 - INCH	362.53	989.54	627.01	172.95%	547.06	184.53	50.90%
8	10 - INCH	673.27	1,624.09	950.82	141.22%	1,104.33	431.06	64.02%
9	GALLONS INCLUDED IN MONTHLY MINIMUM CHARGE	1,000	0			0		

REFERENCES

COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1 OF 4
COLUMN (E): TESTIMONY WAR
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 1 OF 4

PRESENT RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$ 12.43	\$ 24.86	\$ 62.15	\$ 103.58	\$ 207.16	\$ 362.53	\$ 362.53	\$ 673.27
2	1,000	12.43	24.86	62.15	103.58	207.16	362.53	362.53	673.27
3	2,000	15.00	27.43	64.72	106.15	209.73	365.10	365.10	675.84
4	3,000	17.57	30.00	67.29	108.72	212.30	367.67	367.67	678.41
5	4,000	20.14	32.57	69.86	111.29	214.87	370.24	370.24	680.98
6	5,000	22.71	35.14	72.43	113.86	217.44	372.81	372.81	683.55
7	6,000	25.28	37.71	75.00	116.43	220.01	375.38	375.38	686.12
8	7,000	27.84	40.27	77.56	118.99	222.57	377.94	377.94	688.68
9	8,000	30.41	42.84	80.13	121.56	225.14	380.51	380.51	691.25
10	9,000	32.98	45.41	82.70	124.13	227.71	383.08	383.08	693.82
11	10,000	35.55	47.98	85.27	126.70	230.28	385.65	385.65	696.39
12	15,000	48.40	60.83	98.12	139.55	243.13	398.50	398.50	709.24
13	20,000	61.24	73.67	110.96	152.39	255.97	411.34	411.34	722.08
14	25,000	74.09	86.52	123.81	165.24	268.82	424.19	424.19	734.93
15	50,000	138.31	150.74	188.03	229.46	333.04	488.41	488.41	799.15
16	75,000	202.54	214.97	252.26	293.69	397.27	552.64	552.64	863.38
17	100,000	266.76	279.19	316.48	357.91	461.49	616.86	616.86	927.60
18	125,000	330.99	343.42	380.71	422.14	525.72	681.09	681.09	991.83
19	150,000	395.21	407.64	444.93	486.36	589.94	745.31	745.31	1,056.05
20	175,000	459.44	471.87	509.16	550.59	654.17	809.54	809.54	1,120.28
21	200,000	523.66	536.09	573.38	614.81	718.39	873.76	873.76	1,184.50
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	\$ 28.53	\$ 76.27	\$ 402.93	\$ 1,172.20	\$ 2,214.54	\$ 2,163.86	N/A	N/A
27									
28	MEDIAN USE (GAL.):	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	\$ 24.07	\$ 39.66	\$ 267.59	\$ 359.91	\$ 459.35	\$ 608.95	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 2 OF 4

RUCO PROPOSED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$ 8.05	\$ 20.98	\$ 61.17	\$ 115.35	\$ 257.70	\$ 500.60	\$ 362.80	\$ 1,359.75
2	1,000	10.62	23.55	63.74	117.92	260.27	503.16	365.44	1,362.33
3	2,000	13.19	26.12	66.31	120.49	262.84	505.73	368.08	1,364.91
4	3,000	15.76	28.69	68.88	123.06	265.41	508.30	370.72	1,367.50
5	4,000	18.33	31.26	71.45	125.63	267.98	510.87	373.36	1,370.08
6	5,000	20.90	33.83	74.02	128.20	270.55	513.44	376.00	1,372.66
7	6,000	23.46	36.39	76.58	130.76	273.11	516.01	378.64	1,375.24
8	7,000	26.03	38.96	79.15	133.33	275.68	518.58	381.28	1,377.82
9	8,000	28.60	41.53	81.72	135.90	278.25	521.15	383.92	1,380.41
10	9,000	31.17	44.10	84.29	138.47	280.82	523.72	386.56	1,382.99
11	10,000	33.74	46.67	86.86	141.04	283.39	526.29	389.21	1,385.57
12	15,000	46.59	59.52	99.71	153.89	296.24	539.13	402.41	1,398.48
13	20,000	59.43	72.36	112.55	166.73	309.08	551.98	415.62	1,411.39
14	25,000	72.28	85.21	125.40	179.58	321.93	564.82	428.82	1,424.30
15	50,000	136.50	149.43	189.62	243.80	386.15	629.05	494.85	1,488.85
16	75,000	200.73	213.66	253.85	308.03	450.38	693.27	560.87	1,553.40
17	100,000	264.95	277.88	318.07	372.25	514.60	757.50	626.90	1,617.95
18	125,000	329.18	342.11	382.30	436.48	578.83	821.72	692.92	1,682.50
19	150,000	393.40	406.33	446.52	500.70	643.05	885.95	758.95	1,747.05
20	175,000	457.63	470.56	510.75	564.93	707.28	950.17	824.97	1,811.60
21	200,000	521.85	534.78	574.97	629.15	771.50	1,014.40	891.00	1,876.15
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	\$ 26.72	\$ 74.96	\$ 404.52	\$ 1,186.54	\$ 2,267.65	\$ 2,304.49	N/A	N/A
27									
28	MEDIAN USE (GAL.):	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	\$ 22.26	\$ 38.35	\$ 269.18	\$ 374.25	\$ 512.46	\$ 749.58	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 3 OF 4

RUCO PROPOSED CHANGES EXPRESSED IN DOLLARS

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$ (4.38)	\$ (3.88)	\$ (0.98)	\$ 11.77	\$ 50.54	\$ 138.07	\$ 0.26	\$ 686.48
2	1,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	2.91	689.06
3	2,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	2.98	689.08
4	3,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.05	689.09
5	4,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.12	689.10
6	5,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.19	689.11
7	6,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.27	689.13
8	7,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.34	689.14
9	8,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.41	689.15
10	9,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.48	689.17
11	10,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.55	689.18
12	15,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.91	689.24
13	20,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	4.27	689.31
14	25,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	4.63	689.37
15	50,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	6.43	689.70
16	75,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	8.23	690.02
17	100,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	10.03	690.35
18	125,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	11.83	690.67
19	150,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	13.63	691.00
20	175,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	15.43	691.32
21	200,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	17.23	691.65
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	\$ (1.81)	\$ (1.31)	\$ 1.59	\$ 14.34	\$ 53.11	\$ 140.63	N/A	N/A
27									
28	MEDIAN USE (GAL.):	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	\$ (1.81)	\$ (1.31)	\$ 1.59	\$ 14.34	\$ 53.11	\$ 140.63	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 4 OF 4

RUCO PROPOSED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	-35.2%	-15.6%	-1.6%	11.4%	24.4%	38.1%	0.1%	102.0%
2	1,000	-14.6%	-5.3%	2.6%	13.8%	25.6%	38.8%	0.8%	102.3%
3	2,000	-12.1%	-4.8%	2.5%	13.5%	25.3%	38.5%	0.8%	102.0%
4	3,000	-10.3%	-4.4%	2.4%	13.2%	25.0%	38.3%	0.8%	101.6%
5	4,000	-9.0%	-4.0%	2.3%	12.9%	24.7%	38.0%	0.8%	101.2%
6	5,000	-8.0%	-3.7%	2.2%	12.6%	24.4%	37.7%	0.9%	100.8%
7	6,000	-7.2%	-3.5%	2.1%	12.3%	24.1%	37.5%	0.9%	100.4%
8	7,000	-6.5%	-3.3%	2.0%	12.1%	23.9%	37.2%	0.9%	100.1%
9	8,000	-6.0%	-3.1%	2.0%	11.8%	23.6%	37.0%	0.9%	99.7%
10	9,000	-5.5%	-2.9%	1.9%	11.6%	23.3%	36.7%	0.9%	99.3%
11	10,000	-5.1%	-2.7%	1.9%	11.3%	23.1%	36.5%	0.9%	99.0%
12	15,000	-3.7%	-2.2%	1.6%	10.3%	21.8%	35.3%	1.0%	97.2%
13	20,000	-3.0%	-1.8%	1.4%	9.4%	20.7%	34.2%	1.0%	95.5%
14	25,000	-2.4%	-1.5%	1.3%	8.7%	19.8%	33.2%	1.1%	93.8%
15	50,000	-1.3%	-0.9%	0.8%	6.2%	15.9%	28.8%	1.3%	86.3%
16	75,000	-0.9%	-0.6%	0.6%	4.9%	13.4%	25.4%	1.5%	79.9%
17	100,000	-0.7%	-0.5%	0.5%	4.0%	11.5%	22.8%	1.6%	74.4%
18	125,000	-0.5%	-0.4%	0.4%	3.4%	10.1%	20.6%	1.7%	69.6%
19	150,000	-0.5%	-0.3%	0.4%	2.9%	9.0%	18.9%	1.8%	65.4%
20	175,000	-0.4%	-0.3%	0.3%	2.6%	8.1%	17.4%	1.9%	61.7%
21	200,000	-0.3%	-0.2%	0.3%	2.3%	7.4%	16.1%	2.0%	58.4%
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	-6.3%	-1.7%	0.4%	1.2%	2.4%	6.5%	N/A	N/A
27									
28	MEDIAN USE (GAL.):	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	-7.5%	-3.3%	0.6%	4.0%	11.6%	23.1%	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

DOCKET NO. W-01445A-02-061
SCHEDULE WAR-20

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED MINIMUM REVENUE	(B) RUCO PROPOSED COMMODITY REVENUE	(C) RUCO PROPOSED TOTAL REVENUE
1	5/8 X 3/4 - INCH	\$ 1,555,429	\$ 3,607,907	\$ 5,163,336
2	1 - INCH	174,134	448,054	622,188
3	2 - INCH	128,396	720,688	849,084
4	3 - INCH	29,068	269,939	299,007
5	4 - INCH	52,571	410,029	462,600
6	6 - INCH	127,151	458,189	585,341
7	8 - INCH	0	0	0
13	10 - INCH	0	0	0
14				
15	TOTALS	<u>\$ 2,066,749</u>	<u>\$ 5,914,806</u>	<u>\$ 7,981,555 (a)</u>
16				
17	PERCENTAGE OF TOTAL REVENUE	26.00%	74.00%	100.00%

NOTE (a):

RUCO REQUIRED REVENUE	\$ 8,979,160
LESS:	
FIRE SPRINKLER REVENUE	\$ 6,530
FIRE HYDRANT REVENUE	-
MISCELLANEOUS REVENUE	835,820
RENT - WATER PROPERTY REVENUE	-
OTHER WATER REVENUE	<u>155,255</u>
TOTAL	<u>\$ 997,605</u>

REVENUE TO BE GENERATED FROM WATER SALES \$ 7,981,555

REFERENCE:

NOTE (a) 2002 REVENUE INFORMATION OBTAINED FROM RUCO D.R. NO. 1.10

ARIZONA WATER COMPANY
BISBEE SYSTEM
DOCKET NO. W-1445A-02-0619
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ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	\$ 3,700,113	\$ 3,603,099
2	ADJUSTED OPERATING INCOME	31,709	120,328
3	CURRENT RATE OF RETURN (L2 / L1)	0.86%	3.34%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	407,012	312,851
6	OPERATING INCOME DEFICIENCY (L5 - L2)	375,303	192,524
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.63135
8	GROSS REVENUE INCREASE	\$ 612,649	\$ 314,074
9	CURRENT REVENUES T/Y ADJUSTED	1,256,950	1,324,992
10	PROPOSED ANNUAL REVENUE (L8 + L9)	1,869,599	1,639,067
11	PERCENTAGE AVERAGE INCREASE	48.74%	23.70%

REFERENCES:

COLUMN (A): COMPANY SCHEDULE A-1
COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
GROSS REVENUE CONVERSION FACTOR

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 2 OF 2

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	<u>0.002316</u>	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	<u>38.47%</u>	NOTE (a)
5	TOTAL	0.6130	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	1.63135	LINE 1/LINE 5

NOTE (a):
CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	<u>6.97%</u>
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	<u>33.96%</u>
SUBTOTAL	31.59%
ADD STATE TAX RATE	38.56%
LINE 3 ABOVE	<u>99.77%</u>
EFFECTIVE TAX RATE	38.47%

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$ 7,433,939	\$ 187,076	\$ 7,621,015
2	PHOENIX OFFICE & METER SHOP ALLOCATION	193,907	47,638	241,545
3	ACCUMULATED DEPRECIATION	<u>(3,099,049)</u>	<u>(121,468)</u>	<u>(3,220,517)</u>
4	NET PLANT IN SERVICE	\$ 4,528,797	\$ 113,246	\$ 4,642,043
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	<u>-</u>	<u>-</u>	<u>-</u>
6	TOTAL NET PLANT	\$ 4,528,797	\$ 113,246	\$ 4,642,043
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(190,083)	(11,491)	(201,574)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(372,133)	(2,425)	(374,558)
9	ACCUMULATED AMORTIZATION OF CIAC	55,613	9,670	65,283
10	DEFERRED INCOME TAXES	(423,066)	(146,467)	(569,533)
11	WORKING CAPITAL	<u>100,985</u>	<u>(59,546)</u>	<u>41,439</u>
12	TOTAL RATE BASE	<u>\$ 3,700,113</u>	<u>\$ (97,014)</u>	<u>\$ 3,603,099</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE B-1
COLUMN (B): SCHEDULE WAR-3
COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROCESSED	(B) ADJ.#1	(C) ADJ.#2	(D) ADJ.#3	(E) ADJ.#4	(F) ADJ.#5	(G) ADJ.#6	(H) ADJ.#7	(I) ADJ.#8	(J) ADJ.#9	(K) ADJ.#10	(L) ADJ.#11	(M) RUCO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$ 7,433,939	\$187,076											\$ 7,621,015
2	PHOENIX OFFICE & METER SHOP ALLOCATION	183,907		\$28,987		25,372	(6,721)							241,545
3	ACCUMULATED DEPRECIATION	(3,099,046)			(\$96,096)	(25,372)								(3,220,517)
4	NET PLANT IN SERVICE	\$ 4,528,797	\$ 187,076	\$ 28,987	\$ (96,096)	\$ -	\$ (6,721)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,642,043
5	CONSTRUCTION WORK IN PROGRESS (CWIP)													
6	TOTAL NET PLANT	\$ 4,528,797	\$ 187,076	\$ 28,987	\$ (96,096)	\$ -	\$ (6,721)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,642,043
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(190,083)						(11,491)	(2,425)					(201,574)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(372,133)							9,670					(374,558)
9	ACCUMULATED AMORTIZATION OF CIAC	55,613								(146,467)				65,283
10	DEFERRED INCOME TAXES	(423,066)												(568,533)
11	WORKING CAPITAL	100,985												41,439
12	TOTAL RATE BASE	\$ 3,709,113	\$ 187,076	\$ 28,987	\$ (96,096)	\$ -	\$ (6,721)	\$ (11,491)	\$ 7,245	\$ (146,467)	\$ (59,546)	\$ -	\$ -	\$ 3,603,099

ADJUSTMENT #:
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS
2. PHOENIX OFFICE & METER SHOP ALLOCATION
3. ACCUMULATED DEPRECIATION
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
6. AIAC - 2002 BALANCE

REFERENCE:

RUCO D.R. NO. 8.3, TESTIMONY - WAR
RUCO D.R. NO. 8.3
SCHEDULE WAR-7, PAGE 3
N/A
N/A

ADJUSTMENT #:

7. CIAC - 2002 BAL. & AMORTIZATION
8. ACCUMULATED DEFERRED INCOME TAXES
9. WORKING CAPITAL
10. NOT USED
11. NOT USED

NOTES:

- (a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM DEPR. PER COMPANY	1990 NET PLANT PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUCCO	1991 DEPRECIATION EXPENSE PER RUCCO	1991 ACCUMULATED DEPRECIATION PER RUCCO	1991 YEAR END NET PLANT PER RUCCO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	36	0	0	36	0	0	36
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	2,415	0	0	2,415	0	0	2,415
7	314.0	SOURCE OF SUPPLY: WELLS	12,642	0	20,869	0	0	33,511	0	13,453	20,058
8	320.0	PUMPING PLANT: LAND*	6,371	0	6,371	0	0	6,371	0	6,371	6,371
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	9,741	16,080	16,080	0	0	25,821	625	10,366	15,455
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	375,837	141,787	234,050	7,617	(724)	382,730	9,179	150,241	232,489
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	187,548	70,754	116,794	0	0	187,548	4,539	75,292	112,256
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: EQUIPMENT	1,476	557	919	0	0	1,476	36	593	883
14	332.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	21,084	7,954	13,130	0	0	21,084	510	8,464	12,620
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	5,044	0	5,044	0	0	5,044	0	0	5,044
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	238,057	89,808	148,249	0	0	238,057	5,761	95,569	142,488
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	2,518,894	950,267	1,568,627	365,471	(5,804)	2,878,561	65,309	1,009,772	1,868,789
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	7,151	2,698	4,453	6,487	0	13,638	252	2,949	10,689
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	400,625	151,138	249,487	51,234	(2,041)	449,818	10,290	159,387	290,431
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	210,774	79,516	131,258	560	(392)	210,942	5,103	84,226	126,716
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	125,708	47,424	78,284	12,908	0	138,616	3,198	50,622	87,994
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	0	0	0	0	0	0	0
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	21,513	8,116	13,397	1,519	0	23,032	539	8,655	14,377
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	11,938	4,504	7,434	0	0	11,938	289	4,793	7,145
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	0	0	0	0	0	0	0
29	390.3	GENERAL PLANT: MISC. BUILDINGS	12,605	4,755	7,850	0	(127)	12,478	304	4,932	7,546
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	14,919	5,628	9,291	576	0	15,495	368	5,996	9,499
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	10,811	4,079	6,732	146	0	10,957	263	4,342	6,615
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	0	0	0	0	0	0	0
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	24,993	9,429	15,564	1,131	0	26,124	619	10,047	16,077
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	0	0	0	0	0	0	0
35	395.0	GENERAL PLANT: LAB EQUIPMENT	13,884	5,238	8,646	0	0	13,884	336	5,574	8,310
36	396.0	GENERAL PLANT: POWER EQUIPMENT	48,810	18,414	30,396	0	0	48,810	1,181	19,595	29,215
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	300	113	187	614	0	914	15	128	786
38	397.1	GENERAL PLANT: MOBILE RADIOS	95,233	35,927	59,306	11,373	0	106,606	2,442	38,369	68,237
39	397.2	GENERAL PLANT: AUTO CONTROLS	8,251	3,113	5,138	0	0	8,251	200	3,312	4,939
40	398.0	GENERAL PLANT: MISC.	\$4,423,609	\$1,663,600	\$2,760,009	\$459,636	(\$9,088)	\$4,874,157	\$112,167	\$1,766,679	\$3,107,478
41		TOTALS									

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
*NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUO	1992 DEPRECIATION EXPENSE PER RUO	1992 ACCUMULATED DEPRECIATION PER RUO	1992 YEAR END NET PLANT PER RUO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUO	1993 DEPRECIATION EXPENSE PER RUO	1993 ACCUMULATED DEPRECIATION PER RUO	1993 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	0	0	0	0	0	0	0	0	0	0
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	0	0	0	0	0	0	0	0	0	0
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	0	0	0	0	0	0	0	0	0	0
8	321.0	PUMPING PLANT: IMPROVEMENTS	96	0	14,264	81	14,264	2,415	0	0	2,415	870	15,134	18,555
9	323.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	1,866	0	33,511	637	33,511	6,371	0	0	26,517	679	11,871	14,846
10	323.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	25,917	628	10,992	14,925	0	0	444,472	10,736	162,845	281,827
11	323.0	PUMPING PLANT: WATER TREATMENT PLANT: LAND*	0	0	384,396	9,285	159,526	225,070	0	0	185,548	4,347	60,378	103,170
12	323.0	PUMPING PLANT: WATER TREATMENT PLANT: EQUIPMENT	0	0	187,348	4,539	79,831	107,717	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
14	331.0	WATER TREATMENT PLANT: EQUIPMENT	425	0	1,476	36	628	848	0	0	1,476	38	666	810
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	21,509	515	8,960	12,529	0	0	21,509	557	9,537	11,972
16	340.1	TRANSMISSION & DISTRIBUTION: LAND - RIGHTS - FEES*	0	0	5,044	0	0	5,044	0	0	0	0	0	0
17	340.1	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	11,472	0	249,529	5,900	101,489	148,060	0	0	249,529	6,463	107,932	141,597
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	73,410	(654)	2,951,617	70,545	1,079,963	1,871,654	0	0	3,029,163	77,451	1,156,620	1,872,543
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	2,290	(22)	15,906	327	3,285	12,621	0	0	18,505	446	3,730	14,775
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	20,475	(1,503)	468,790	11,115	189,000	279,790	0	0	509,736	12,672	178,910	330,826
22	346.0	TRANSMISSION & DISTRIBUTION: METERING	968	(4,535)	207,375	5,062	84,753	222,622	0	0	207,532	5,373	89,061	118,471
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	136,616	3,355	53,971	84,639	0	0	144,211	3,663	57,639	86,572
24	389.1	GENERAL PLANT: LAND - OFFICES	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	5,085	(1,000)	23,032	557	9,212	13,820	0	0	23,032	597	9,809	13,223
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	15,023	338	4,131	11,892	0	0	15,023	415	4,546	11,477
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	360	0	12,478	302	5,234	7,244	0	0	12,478	325	5,557	6,921
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	6,378	379	6,378	9,479	0	0	19,247	463	6,830	12,417
32	391.2	GENERAL PLANT: OFFICE FURNITURE	31	0	15,855	265	4,607	6,381	0	0	10,986	285	4,892	6,096
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	10,988	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	2,206	0	28,330	659	10,706	17,624	0	0	28,695	738	11,445	17,250
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	13,884	336	5,910	7,974	0	0	13,884	360	6,269	7,615
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	20,776	1,181	20,776	28,034	0	0	48,178	1,256	21,400	26,778
38	397.1	GENERAL PLANT: MOBILE RADIOS	625	0	1,539	30	158	1,381	0	0	12,265	179	336	11,929
39	397.2	GENERAL PLANT: AUTO CONTROLS	1,798	0	108,404	2,602	40,971	67,433	0	0	109,555	2,823	43,794	65,761
40	398.0	GENERAL PLANT: MISC.	484	0	8,735	206	3,518	5,217	0	0	8,735	226	3,744	4,991
41		TOTALS	\$121,591	(\$7,414)	\$4,988,334	\$119,001	\$1,875,266	\$3,110,068	\$216,620	(\$36,869)	\$5,168,085	\$131,150	\$1,972,547	\$3,195,538

REFERENCE
ACC STAFF D.R. NO. REL 124

NOTE:
*NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUO	1994 DEPRECIATION EXPENSE PER RUO	1994 ACCUMULATED DEPRECIATION PER RUO	1994 YEAR END NET PLANT PER RUO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUO	1995 DEPRECIATION EXPENSE PER RUO	1995 ACCUMULATED DEPRECIATION PER RUO	1995 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	334	0	1,822	0	1,257	2,879	0	0	2,879	0	0	2,879
5	310.2	SOURCE OF SUPPLY: LAND - NEWSPAPERS*	0	0	2,415	0	0	2,415	0	0	2,415	0	0	2,415
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	34,656	885	16,019	18,321	0	0	18,321	1,051	17,071	29,452
7	314.0	PUMPING PLANT: LAND*	967	0	687	0	11,867	6,371	0	0	6,371	0	0	6,371
8	321.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	28,517	687	14,159	26,517	0	0	26,517	0	0	26,517
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	60,382	(7,802)	497,252	12,255	167,039	508,183	14,746	(3,815)	183,548	4,236	13,020	331,939
10	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	163,346	4,236	84,613	58,935	0	0	58,935	0	0	58,935
11	330.0	WATER TREATMENT PLANT: LAND*	0	0	1,476	38	705	771	30,479	(1,278)	30,677	416	(157)	30,834
12	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	24,506	586	10,133	14,773	0	0	14,773	535	10,767	13,739
13	332.0	WATER TREATMENT PLANT: EQUIPMENT	2,897	0	5,044	0	0	5,044	0	0	5,044	0	0	5,044
14	340.1	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	0	0	0	0	0	0	0	0	0	0
15	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	248,529	6,483	114,395	135,134	0	0	135,134	6,543	120,536	134,808
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	3,154,305	80,076	1,234,268	1,920,037	0	0	1,920,037	83,226	1,313,917	1,568,518
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	127,570	(2,428)	16,505	479	14,995	18,505	0	0	18,505	479	4,689	13,816
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	49,457	(764)	558,429	13,358	191,979	366,450	30,090	(1,094)	587,425	14,839	205,724	381,701
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	0	0	200,274	5,358	93,111	113,113	0	0	113,113	5,299	95,132	107,814
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	0	144,211	3,735	61,375	82,836	0	0	82,836	3,735	85,110	79,101
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	0	0	0	0	0	0	0	0	0	0
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	23,032	597	10,405	12,627	262	(22,817)	67	307	(11,903)	12,582
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	18,023	415	4,961	11,062	0	0	11,062	415	5,376	10,647
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
29	390.3	GENERAL PLANT: OFFICE BUILDINGS	0	0	9,498	285	2,862	8,636	0	0	8,636	246	3,108	6,390
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	20,105	510	7,739	12,376	17,641	0	37,746	749	8,029	29,717
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	918	(60)	10,988	285	5,177	5,811	0	0	5,811	285	5,462	5,565
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	0	0	0	0	0	0	0	0	0	0
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	29,159	749	12,194	16,975	1,541	0	30,710	775	12,969	17,741
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	474	0	0	0	0	0	0	0	0	0	0	0
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	13,884	360	6,629	7,255	0	0	7,255	360	6,895	6,895
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	48,178	1,248	22,848	25,530	0	0	25,530	1,248	23,282	24,282
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	125	0	12,390	319	656	11,734	1,767	0	14,157	2,887	49,505	61,789
38	397.1	GENERAL PLANT: MOBILE RADIOS	544	0	110,059	2,845	48,638	83,461	1,195	0	111,854	2,226	49,505	61,789
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	8,735	228	3,970	4,741	0	0	4,741	228	4,137	4,538
40	398.0	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
41		TOTALS	\$243,968	(\$15,342)	\$5,398,711	\$196,418	\$2,093,824	\$3,284,579	\$238,608	(\$35,650)	\$5,539,860	\$141,989	\$2,192,954	\$3,399,906

REFERENCE:
ACC-STAFF D.R. NO. REL 1:24

NOTE:
* NON-DEPRECIABLE PLANT
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
BIRDEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 (RETIREMENTS) PER COMPANY	1996 YEAR END PLANT VALUE PER RUO	1996 DEPRECIATION EXPENSE PER RUO	1996 ACCUMULATED DEPRECIATION PER RUO	1996 YEAR END NET PLANT VALUE PER RUO	1997 (RETIREMENTS) PER COMPANY	1997 YEAR END PLANT VALUE PER RUO	1997 DEPRECIATION EXPENSE PER RUO	1997 ACCUMULATED DEPRECIATION PER RUO	1997 YEAR END NET PLANT VALUE PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	301.0	INTANGIBLES: FRANCHISES*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	303.0	INTANGIBLES: MISC.*	385	0	3,284	0	0	2,501	0	2,501	0	(783)	3,284
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	0	0	0	0	0	0	0	0	0
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	2,415	0	0	4,895	0	4,895	0	0	4,895
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	384	0	46,887	1,210	18,280	28,607	2,490	46,887	1,214	19,495	27,392
7	311.0	SOURCE OF SUPPLY: WELLS	0	0	8,371	687	13,731	8,371	0	8,371	0	0	8,371
8	320.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	5,778	(729)	453,232	13,227	181,742	324,490	5,872	453,232	13,292	201,960	311,168
9	321.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	183,548	4,236	73,085	90,463	0	183,548	4,243	71,993	92,092
10	322.0	PUMPING PLANT: ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0
11	323.0	PUMPING PLANT: LAND*	769	0	31,486	805	648	30,815	0	31,486	815	1,483	30,003
12	330.0	WATER TREATMENT PLANT: EQUIPMENT	13,006	0	35,749	780	9,787	25,962	0	35,749	926	10,715	25,036
13	331.0	WATER TREATMENT PLANT: LAND*	0	(1,761)	5,044	0	0	5,715	0	5,715	0	0	5,715
14	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	0	0	0	0	0	0	0	0	0
16	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	255,748	8,654	127,562	128,184	0	255,748	8,624	134,188	121,560
17	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	88,000	(688)	3,357,787	85,861	1,395,110	1,958,657	114,887	3,472,647	88,385	1,482,155	1,990,492
18	343.0	TRANSMISSION & DISTRIBUTION: MANS*	3,514	0	22,019	525	5,214	16,805	0	22,019	570	5,784	16,235
19	344.0	TRANSMISSION & DISTRIBUTION: FIRE HYDRANTS	59,038	(1,543)	64,500	15,959	220,140	424,780	32,176	676,812	17,114	236,770	439,842
20	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	0	(3,703)	142,243	3,736	96,845	102,606	17,077	181,345	3,958	72,803	103,542
21	346.0	TRANSMISSION & DISTRIBUTION: METERING	57	0	144,268	0	0	75,423	0	181,345	0	0	88,342
22	347.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	0	0	0	0	0	0	0	0	0
23	348.0	TRANSMISSION & DISTRIBUTION: OFFICE*	0	0	0	0	0	0	0	0	0	0	0
24	349.0	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0
25	350.0	GENERAL PLANT: LAND - MISC.*	0	0	677	18	(11,897)	12,564	7,796	8,473	415	(11,789)	20,242
26	351.0	GENERAL PLANT: OFFICE BUILDINGS	0	0	16,023	415	5,781	10,232	0	16,023	415	8,208	9,817
27	352.0	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	0	0	0	0	0	0	0	0	0
28	353.0	GENERAL PLANT: MISC. BUILDINGS	0	0	9,488	246	3,354	8,144	0	9,019	240	3,114	5,905
29	354.0	GENERAL PLANT: OFFICE EQUIPMENT	1,025	0	38,771	991	9,020	28,751	992	39,763	1,017	10,037	28,728
30	355.0	GENERAL PLANT: OFFICE FURNITURE	0	0	11,026	288	5,747	5,280	3,472	14,499	331	6,078	8,421
31	356.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0
32	357.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	31,879	808	13,777	17,902	286	31,944	824	14,601	17,343
33	358.0	GENERAL PLANT: OFFICE EQUIPMENT	969	0	0	0	0	0	0	0	0	0	0
34	359.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	13,894	360	7,346	13,884	0	13,884	0	0	13,884
35	360.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	22,156	1,210	22,156	23,072	0	45,248	1,172	23,148	21,900
36	361.0	GENERAL PLANT: POWER EQUIPMENT	0	(2,530)	45,248	454	52,388	19,422	1,490	22,385	2,013	38,770	20,352
37	362.0	GENERAL PLANT: POWER EQUIPMENT	0	0	20,875	2,883	52,388	58,906	58,104	130,786	3,384	39,170	111,616
38	363.0	GENERAL PLANT: MOBILE RADIOS	8,718	0	111,294	0	4,479	13,063	0	13,063	0	4,817	8,251
39	364.0	GENERAL PLANT: AUTO CONTROLS	4,333	0	13,068	0	0	13,068	0	13,068	0	0	13,068
40	365.0	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0
41	0	TOTALS	\$181,974	(\$11,334)	\$5,170,500	\$148,808	\$2,335,428	\$3,422,286	\$249,461	\$5,869,834	\$151,801	\$2,455,472	\$3,522,332

REFERENCE:
ACC STAFF DR. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY

TEST YEAR ENDED DECEMBER 31, 2001

BUSSEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUO	1998 DEPRECIATION EXPENSE PER RUO	1998 ACCUMULATED DEPRECIATION PER RUO	1998 YEAR END NET PLANT PER RUO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUO	1999 DEPRECIATION EXPENSE PER RUO	1999 ACCUMULATED DEPRECIATION PER RUO	1999 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	102	0	2,603	0	(763)	3,366	911	0	3,514	0	(763)	4,277
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	4,905	0	0	4,905	0	0	4,905	0	0	4,905
7	311.0	SOURCE OF SUPPLY: WELLS	0	0	46,887	1,214	20,709	26,178	963	0	47,840	1,227	21,936	25,904
8	320.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	683	0	7,054	0	7,054	7,054	0	0	7,054	0	0	7,054
9	321.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	86	0	26,583	686	15,106	11,477	8,849	(873)	30,884	13,472	22,789	29,621
10	325.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	3,016	0	518,174	13,335	215,290	90,842	0	0	184,085	4,250	80,493	83,592
11	328.0	PUMPING PLANT: TREATMENT PLANT	0	0	164,085	4,250	78,243	87,842	0	0	31,466	815	3,093	28,373
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	31,466	815	2,278	29,188	0	0	37,572	973	12,635	24,937
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	1,823	0	37,572	590	11,662	25,910	0	0	5,715	0	0	5,715
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	5,715	0	0	5,715	0	0	0	0	0	0
15	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	4,390	0	257,890	6,652	136,591	119,299	114,894	(1,058)	3,681,905	6,679	145,271	112,619
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	102,828	0	3,568,159	91,109	1,571,482	1,996,677	7,527	0	29,546	668	1,664,312	2,017,524
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	0	0	22,019	570	6,354	15,665	40,182	(1,629)	739,160	18,645	271,485	467,705
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	24,161	0	700,607	17,835	254,439	446,168	7,779	(4,343)	207,565	5,334	102,182	105,383
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	4,841	0	204,329	5,272	101,191	103,138	2,635	0	170,904	4,392	81,410	89,489
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	6,373	0	168,269	4,269	77,023	91,246	0	0	0	0	0	0
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	0	0	0	0	0	0	0	0	0	0
24	349.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	349.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	349.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	8,473	219	(11,549)	20,022	0	0	8,473	219	(11,330)	19,803
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	16,023	415	6,821	9,402	0	0	16,023	415	7,036	8,987
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	598	0	9,019	0	3,348	5,671	0	0	9,019	234	3,582	5,437
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	40,361	1,038	11,074	29,287	10,892	0	51,253	1,186	12,261	38,992
32	391.2	GENERAL PLANT: OFFICE FURNITURE	1,165	0	15,064	391	6,468	9,196	1,888	0	17,532	430	6,899	10,653
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	302	0	32,246	831	15,433	16,813	0	0	35,602	879	16,311	19,291
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	0	0	0	0	1,141	0	13,884	15	15	1,126
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	13,884	360	8,087	5,817	0	0	13,884	360	8,427	5,457
36	396.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	45,051	1,169	24,320	20,731	0	0	45,051	1,167	25,487	19,564
37	397.0	GENERAL PLANT: MOBILE RADIOS	1,345	0	23,710	597	2,610	21,100	11	0	23,721	614	3,224	20,492
38	397.1	GENERAL PLANT: AUTO CONTROLS	3,614	0	154,400	3,952	43,122	111,278	2,691	0	157,091	4,034	47,156	109,932
39	397.2	GENERAL PLANT: MISC.	0	0	13,088	338	5,156	(4,817)	5,994	0	20,062	429	5,585	11,477
40	398.0	TOTALS	\$155,707	(\$7,695)	\$5,136,216	\$156,496	\$2,604,274	\$3,531,921	\$210,413	(\$7,903)	\$6,338,726	\$181,014	\$2,757,384	\$3,581,342

REFERENCE:
ACC STAFF D.R. NO. REL 1:24

NOTE:
* NON DEPRECIABLE PLANT
* NON DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISEEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 RETIREMENTS PER COMPANY	2000 YEAR END PLANT VALUE PER RUO	2000 DEPRECIATION EXPENSE PER RUO	2000 ACCUMULATED DEPRECIATION PER RUO	2000 YEAR END NET PLANT PER RUO	2001 ADDITIONS PER COMPANY	2001 RETIREMENTS PER COMPANY	2001 YEAR END PLANT VALUE PER RUO	2001 DEPRECIATION EXPENSE PER RUO	2001 ACCUMULATED DEPRECIATION PER RUO	2001 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISCS*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	726	0	4,905	0	(763)	4,277	181	0	3,695	0	(763)	4,458
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	4,905	0	0	4,905	0	0	4,905	0	0	4,905
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	23,175	1,233	0	24,665	927	0	48,767	1,251	24,426	24,511
7	311.0	SOURCE OF SUPPLY: LAND - WELLS*	0	0	10,100	888	0	10,988	0	0	7,054	688	17,171	24,511
8	312.0	SOURCE OF SUPPLY: LAND - WELLS*	0	0	284,714	13,601	0	298,315	0	0	13,454	4,259	230,977	281,816
9	320.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	2,055	0	27,558	0	0	29,613	0	0	164,757	0	89,001	75,756
10	321.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	79,343	0	0	79,343	0	0	31,637	0	4,723	22,991
11	322.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	23,964	0	0	23,964	0	0	3,572	0	14,581	5,715
12	330.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	5,715	0	0	5,715	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
14	332.0	WATER TREATMENT PLANT: LAND - TANKS & MAINS*	0	0	0	0	0	0	0	0	0	0	0	0
15	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	145,860	7,912	0	153,772	0	0	353,043	9,144	155,004	198,039
16	340.1	TRANSMISSION & DISTRIBUTION: STRUCTURE TANKS	102,475	(7,322)	2,047,791	66,982	0	2,040,469	153,335	(800)	3,965,593	100,656	1,859,120	2,106,473
17	341.0	TRANSMISSION & DISTRIBUTION: MAINS	127,183	(2,026)	7,787	785	0	8,562	52,700	(5,329)	817,088	20,544	301,905	515,163
18	342.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	34,846	(4,309)	288,685	19,540	0	303,922	4,670	(621)	211,877	5,484	110,381	101,516
19	343.0	TRANSMISSION & DISTRIBUTION: SERVICES	2,275	(2,112)	105,448	5,378	0	108,711	10,245	(338)	193,558	4,985	90,563	102,993
20	344.0	TRANSMISSION & DISTRIBUTION: METERS	12,750	0	86,006	4,591	0	90,597	0	0	0	0	0	0
21	345.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	0	0	0	0	0	0	0	0	0	0
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	0	0	0	0	0	0	0	0	0	0	0
23	348.0	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	8,473	219	(10,891)	19,364
24	349.0	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	16,023	415	7,866	8,157
25	349.1	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	349.2	GENERAL PLANT: OFFICE BUILDINGS	0	0	19,583	219	0	19,802	0	0	0	0	0	0
27	350.0	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	8,572	0	0	8,572	0	0	0	0	0	0
28	350.1	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	17,451	415	0	17,866	0	0	0	0	0	0
29	350.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	5,204	0	0	5,204	930	0	0	0	0	0
30	350.3	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	13,603	234	0	13,837	0	0	0	0	0	0
31	351.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	7,353	435	0	7,788	0	0	0	0	0	0
32	351.1	GENERAL PLANT: OFFICE EQUIPMENT	0	0	16,949	0	0	16,949	1,258	0	37,684	560	17,909	18,033
33	351.2	GENERAL PLANT: OFFICE EQUIPMENT	0	0	0	0	0	0	0	0	1,684	37	81	5,274
34	351.3	GENERAL PLANT: OFFICE EQUIPMENT	0	0	44	933	0	44	543	0	14,442	374	10,456	17,453
35	351.4	GENERAL PLANT: OFFICE EQUIPMENT	0	0	8,794	0	0	8,794	0	0	0	0	0	0
36	351.5	GENERAL PLANT: OFFICE EQUIPMENT	0	0	28,654	1,167	0	29,821	0	0	27,909	945	4,532	24,012
37	351.6	GENERAL PLANT: OFFICE EQUIPMENT	0	0	3,847	623	0	4,470	15,862	0	186,546	4,626	58,026	130,520
38	351.7	GENERAL PLANT: OFFICE EQUIPMENT	0	0	51,400	4,245	0	55,645	0	0	20,062	0	6,624	13,439
39	351.8	GENERAL PLANT: OFFICE EQUIPMENT	0	0	6,105	520	0	6,625	0	0	0	0	0	0
40	351.9	GENERAL PLANT: OFFICE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
41	352.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
42	352.1	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
43	352.2	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
44	352.3	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
45	352.4	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
46	352.5	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
47	352.6	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
48	352.7	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
49	352.8	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
50	352.9	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
51	353.0	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
52	353.1	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
53	353.2	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
54	353.3	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
55	353.4	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
56	353.5	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
57	353.6	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
58	353.7	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
59	353.8	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
60	353.9	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
61	354.0	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
62	354.1	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
63	354.2	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
64	354.3	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
65	354.4	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
66	354.5	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
67	354.6	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
68	354.7	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
69	354.8	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
70	354.9	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
71	355.0	TOTALS	\$295,317	(\$15,114)	\$6,621,929	\$167,282	\$2,908,553	\$5,553,834	\$262,512	(\$48,042)	\$6,836,399	\$173,719	\$3,034,226	\$3,802,173

REFERENCE:
ACC START/D.R. NO. REL 124

NOTE:
* NON-DEPRECIABLE PLANT
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT VALUE PER RUO	2002 DEPRECIATION EXPENSE PER RUO	2002 ACCUMULATED DEPRECIATION PER RUO	2002 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	(763)	8,022
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	3,564	0	7,259	0	0	726
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	726	0	0	4,905
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	4,905	0	0	503,057
7	314.0	SOURCE OF SUPPLY: WELLS	486,276	0	535,043	7,560	31,986	7,054
8	320.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	7,028	0	33,611	780	17,951	15,660
9	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	131,452	(10,501)	633,744	14,848	235,324	398,420
10	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	164,757	4,267	93,268	71,489
11	330.0	PUMPING PLANT: LAND*	0	0	31,931	827	5,556	26,375
12	331.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	39,900	1,003	15,585	24,315
13	332.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	2,328	0	5,715	0	0	5,715
14	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0
15	340.1	TRANSMISSION & DISTRIBUTION: STRUCTURES	1,716	0	354,759	9,166	184,170	190,589
16	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	124,382	(239)	4,089,708	104,317	1,963,198	2,126,538
17	342.0	TRANSMISSION & DISTRIBUTION: MAINS	0	0	29,546	765	9,318	20,228
18	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	30,667	(3,106)	844,629	21,519	320,318	524,311
19	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	1,871	(758)	212,990	5,502	115,105	97,885
20	345.0	TRANSMISSION & DISTRIBUTION: METERS	6,640	0	200,196	5,099	95,662	104,534
21	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	399	0	399	0	0	399
22	348.0	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0
23	349.1	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0
24	389.2	GENERAL PLANT: LAND - MISC.*	382	0	8,855	224	(10,666)	19,521
25	389.3	GENERAL PLANT: OFFICE BUILDINGS	0	0	15,023	415	8,281	7,742
26	390.1	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	0	0	0	0
27	390.2	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0
28	390.3	GENERAL PLANT: OFFICE EQUIPMENT	33,843	(8,487)	34,375	562	(3,876)	38,251
29	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	53,282	1,360	16,351	36,931
30	391.1	GENERAL PLANT: OFFICE FURNITURE	0	0	17,552	455	8,262	9,290
31	391.2	GENERAL PLANT: WAREHOUSE EQUIPMENT	5,936	0	43,618	1,053	18,961	24,657
32	393.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,684	44	125	1,559
33	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	14,442	374	9,542	4,900
34	395.0	GENERAL PLANT: POWER EQUIPMENTS	2,387	(2,965)	27,331	715	8,207	19,124
35	396.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	28,544	709	5,271	23,273
36	397.0	GENERAL PLANT: MOBILE RADIOS	0	0	186,546	4,832	60,858	125,688
37	397.1	GENERAL PLANT: AUTO CONTROLS	788	0	20,850	530	7,154	(6,624)
38	397.2	GENERAL PLANT: MISC.	0	0	0	0	0	0
39	398.0	TOTALS	\$539,558	(\$28,056)	\$7,650,001	\$186,975	\$3,195,145	\$4,434,536
40		BALANCES PER COMPANY			\$ 7,433,939		\$3,099,049	
41		BALANCES PER RUO			\$7,650,001		\$3,195,145	
42		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**			\$28,987			
43		TOTAL ADJUSTMENTS			\$187,076		\$96,096	

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUO D.R. NO. 6-2

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.0553 PER RUO D.R. NO. 4-2

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE
& METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	\$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.0531
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 219,279
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	193,907
7	RUCO ADJUSTMENT TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	\$ 25,372

REFERENCES:
LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11
LINE 2: COMPANY SCHEDULE B-2 PAGE 10
LINE 3: LINE 1 + LINE 2
LINE 4: COMPANY SCHEDULE B-1 PAGE 1
LINE 5: LINE 3 x LINE 4
LINE 6: COMPANY SCHEDULE B-1 PAGE 1 (SUM OF LINES 6 AND 7)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	\$ 3,903,884	\$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	\$ 3,450,662	\$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	\$ 3,577,227	\$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.0531	0.0531	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	\$ 189,951	\$ 183,230	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		\$ (6,721)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

DOCKET NO. W-1445A-00-0962
SCHEDULE WAR-7
PAGE 1 OF 4

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	CASH WORKING CAPITAL PER COMPANY	\$ 28,193	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(29,701)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	(57,894)	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	31,166	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	32,838	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	1,672	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	15,161	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	14,038	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	(1,123)	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	26,465	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	24,264	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	(2,201)	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	(59,546)	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 2 OF 4

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	\$ DAYS
1	PURCHASED POWER	\$ 186,397	\$ 2,110	\$ 188,507	34.13	\$ 6,433,744
2	PAYROLL	344,997	3,389	348,386	14.00	4,877,407
3	PURCHASED WATER	-	-	-	N/A	N/A
4	CHEMICALS	37,321	(24,908)	12,413	27.94	346,819
5	PROPERTY & LIABILITY INSURANCE	5,386	(150)	5,236	(45.27)	(237,024)
6	WORKER'S COMPENSATION	4,761	605	5,366	(46.50)	(249,525)
7	HEALTH INSURANCE	69,198	(6,734)	62,464	(8.92)	(557,182)
8	OTHER O&M EXPENSES	183,157	(121,144)	62,013	(9.27)	(574,864)
9	DEPRECIATION & AMORTIZATION	200,874	(7,517)	193,357	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	187,043	(48,973)	138,070	61.95	8,554,015
11	DEFERRED INCOME TAXES	7,138	N/A	N/A	N/A	N/A
12	FICA TAXES	26,530	6,180	32,710	14.00	457,940
13	FUTA & SUTA TAXES	582	186	768	83.10	63,821
14	PROPERTY TAXES	105,773	(18,688)	87,085	212.00	18,462,083
15	REG., CONTRACT, & MISCELLANEOUS FEES	31,809	1,361	33,170	(98.83)	(3,278,157)
16	SALES & OCCUPATION TAXES	104,739	13,398	118,137	37.53	4,433,682
17	PENSION EXPENSE	30,327	8,206	38,533	34.72	1,337,866
18	TOTAL	\$ 1,526,032	\$ (192,679)	\$ 1,326,215 *	30.21	\$ 40,070,624

NOTE

N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION

* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 3 OF 4

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	AVERAGE EXPENSE LAG	30.21	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	<u>22.04</u>	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(8.17)	LINE 2 - LINE 1
4	TOTAL EXPENSES	\$ 1,326,215	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(29,701)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	<u>\$ 28,193</u>	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ (57,894)</u>	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 4 OF 4

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS
1	04/12/99	07/01/99	(80.00)	\$ 397,000	(31,760,000)
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)
3	09/14/99	07/01/99	75.00	486,000	36,450,000
4	12/14/99	07/01/99	166.00	970,000	161,020,000
5	03/14/00	07/01/99	257.00	<u>(240,000)</u>	<u>(61,680,000)</u>
6	TOTALS			\$ 1,663,000	103,030,000
7	INCOME TAX LAG		<div>61.95</div>		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
<u>REVENUES - WATER:</u>						
1	REVENUE FROM WATER SALES	\$ 1,256,950	\$ 68,042	\$ 1,324,992	\$ 314,074	\$ 1,639,067
2	OTHER REVENUES	0.00	-	0.00		0.00
3	TOTAL OPERATING REVENUES	\$ 1,256,950	\$ 68,042	\$ 1,324,992	\$ 314,074	\$ 1,639,067
<u>OPERATING EXPENSES:</u>						
2	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -	\$ -
3	OTHER	2,275	(141)	2,134		2,134
4	PURCHASED POWER	181,448	3,540	184,988		184,988
5	PURCHASED GAS	401	802	1,203		1,203
6	OTHER	43,218	(5,664)	37,554		37,554
7	WATER TREATMENT	47,494	(5,739)	41,755		41,755
8	TRANSMISSION & DISTRIBUTION	213,823	(17,959)	195,864		195,864
9	CUSTOMER ACCOUNTS	168,474	1,619	170,093		170,093
10	SALES	987	(751)	236		236
11	ADMINISTRATIVE & GENERAL	235,785	4,613	240,398		240,398
12	DEPRECIATION & AMORTIZATION	200,874	(7,517)	193,357		193,357
13	PROPERTY TAXES	106,595	(19,510)	87,085		87,085
14	OTHER TAXES	24,319	9,159	33,478		33,478
15	INCOME TAXES	(452)	16,971	16,519	121,550	138,070
16	TOTAL OPERATING EXPENSES	\$ 1,225,241	\$ (20,576)	\$ 1,204,665	\$ 121,550	\$ 1,326,215
17	NET INCOME	\$ 31,709	\$ 88,619	\$ 120,328	\$ 192,524	\$ 312,851

REFERENCES:

COLUMN (A): CO. SCH. C-1, PG. 2
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
REVENUES - WATER:														
1	REVENUE FROM WATER SALES	\$ 1,256,950	\$ 165,828	\$ (118,137)	\$ 16,096	\$ 3,212	\$ 2,124		\$ (1,081)					\$ 1,324,992
2	OTHER REVENUES													
3	TOTAL OPERATING REVENUES	\$ 1,256,950	\$ 165,828	\$ (118,137)	\$ 16,096	\$ 3,212	\$ 2,124	\$ -	\$ (1,081)	\$ -	\$ -	\$ -	\$ -	\$ 1,324,992
OPERATING EXPENSES:														
2	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	OTHER	2,275	(141)											2,134
4	PURCHASED POWER	181,448	5,856			(2,651)	335							184,988
5	PURCHASED GAS	401	802											1,203
6	OTHER	43,218	(5,664)											37,554
7	WATER TREATMENT	47,494	(5,790)				51							41,755
8	TRANSMISSION & DISTRIBUTION	213,823	(16,174)			(1,785)								195,864
9	CUSTOMER ACCOUNTS	168,474	1,619											170,093
10	SALES	987	(751)											236
11	ADMINISTRATIVE & GENERAL	235,785	(2,842)	(2,777)			283	9,949						240,398
12	DEPRECIATION & AMORTIZATION	200,874								(7,517)				193,357
13	PROPERTY TAXES	106,595									(19,510)			87,085
14	OTHER TAXES	24,319	124,519	(115,360)										33,478
15	INCOME TAXES	(452)										16,971		16,519.46
16	TOTAL OPERATING EXPENSES	\$ 1,225,241	\$ 101,434	\$ (118,137)	\$ -	\$ (4,436)	\$ 670	\$ 9,949	\$ -	\$ (7,517)	\$ (19,510)	\$ 16,971	\$ -	1,204,665
17	NET INCOME	\$ 31,709	\$ 64,394	\$ -	\$ 16,096	\$ 7,648	\$ 1,455	\$ (9,949)	\$ (1,081)	\$ 7,517	\$ 19,510	\$ (16,971)	\$ -	\$ 120,328

ADJUSTMENT #	REFERENCE	ADJUSTMENT #	REFERENCE
1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL	RUCO D.R. NO. 1.10	7. REMOVE MAP SURCHARGE REVENUES	TESTIMONY WAR
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES	RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO. REL 19-1	8. DEPRECIATION & AMORTIZATION EXPENSE	SCHEDULE WAR-12
3. ELIMINATE PP&M AND PW&M REVENUES	RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2	9. PROPERTY TAX EXPENSE	SCHEDULE WAR-13
4. ELIMINATE UNBILLED REVENUES & EXPENSES	RUCO D.R. NO. 7.3	10. INCOME TAX EXPENSE	SCHEDULE WAR-14
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES	RUCO D.R. NO. 8.6	11. NOT USED	N/A
6. AMORTIZATION OF RATE CASE EXPENSE	COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
<u>REVENUES - WATER:</u>					
1	REVENUE FROM WATER SALES	\$ 1,256,950	\$ 1,422,778	\$ 1,256,950	\$ 165,828
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 1,256,950	\$ 1,422,778	\$ 1,256,950	\$ 165,828
<u>OPERATING EXPENSES:</u>					
4	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -
5	OTHER	2,275	2,134	2,275	(141)
6	PURCHASED POWER	181,448	187,304	181,448	5,856
7	PURCHASED GAS	401	1,203	401	802
8	OTHER	43,218	37,554	43,218	(5,664)
9	WATER TREATMENT	47,494	41,704	47,494	(5,790)
10	TRANSMISSION & DISTRIBUTION	213,823	197,649	213,823	(16,174)
11	CUSTOMER ACCOUNTS	168,474	170,093	168,474	1,619
12	SALES	987	236	987	(751)
13	ADMINISTRATIVE & GENERAL	235,785	232,943	235,785	(2,842)
14	DEPRECIATION & AMORTIZATION	200,874	185,093	200,874	- (a)
15	PROPERTY TAXES	106,595	87,465	106,595	- (a)
16	OTHER TAXES	24,319	148,838	24,319	124,519
17	INCOME TAXES	(452)	34,513	(452)	- (a)
18	TOTAL OPERATING EXPENSES	\$ 1,225,241	\$ 1,326,729	\$ 1,225,241	\$ 101,434
19	NET INCOME	<u>\$ 31,709</u>	<u>\$ 96,049</u>	<u>\$ 31,709</u>	<u>\$ 64,394</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 2 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:

(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 2 OF 2

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
<u>REVENUES - WATER:</u>				
1	REVENUE FROM WATER SALES	\$ 1,363,532	\$ 1,422,778	\$ 59,246
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 1,363,532	\$ 1,422,778	\$ 59,246
<u>OPERATING EXPENSES:</u>				
4	PURCHASED WATER	\$ -	\$ -	\$ -
5	OTHER	2,279	2,134	(145)
6	PURCHASED POWER	180,807	187,304	6,497
7	PURCHASED GAS	401	1,203	802
8	OTHER	43,218	37,554	(5,664)
9	WATER TREATMENT	34,435	41,704	7,269
10	TRANSMISSION & DISTRIBUTION	203,387	197,649	(5,738)
11	CUSTOMER ACCOUNTS	167,213	170,093	2,880
12	SALES	987	236	(751)
13	ADMINISTRATIVE & GENERAL	204,408	232,943	28,535
14	DEPRECIATION & AMORTIZATION	173,245	185,093	11,848
15	PROPERTY TAXES	95,358	87,465	(7,893)
16	OTHER TAXES	128,331	148,838	20,507
17	INCOME TAXES	38,236	34,513	(3,723)
18	TOTAL OPERATING EXPENSES	1,272,305	1,326,729	54,424
19	NET INCOME	\$ 91,227	\$ 96,049	\$ 4,822

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 2 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406
2	2002 CUSTOMERS	3,388	3,387	3,397	3,394	3,408	3,405	3,406	3,404	3,403	3,406	3,399	3,406
3	INCREASE IN CUSTOMERS - 2002	18	19	9	12	(2)	1	-	2	3	-	7	0
4	AVERAGE REVENUE FOR THE MONTH	\$ 29.03	\$ 29.75	\$ 30.60	\$ 33.67	\$ 38.10	\$ 44.03	\$ 45.67	\$ 32.32	\$ 35.27	\$ 33.25	\$ 31.30	\$ 28.12
5	INCREASE IN REVENUES	\$ 523	\$ 565	\$ 275	\$ 404	\$ (76)	\$ 44	\$ -	\$ 65	\$ 106	\$ -	\$ 219	\$ 0
6	TOTAL INCREASE IN REVENUE	2,124											
7	INCREASE IN REVENUE PER COMPANY	-											
8	REVENUE ADJUSTMENT	2,124											
9	GALLONS SOLD PER AVERAGE CUSTOMER	5,803	6,079	6,391	7,572	9,287	11,501	12,206	7,151	8,189	7,392	6,685	5,848
10	INCREASE IN CUSTOMERS	18	19	9	12	(2)	1	-	2	3	-	7	0
11	INCREASE IN GALLONS	104,446	115,507	57,515	90,869	(18,534)	11,501	-	14,303	24,567	-	46,798	0
12	TOTAL INCREASE IN GALLONS	446,971											
13	PUMPING COST PER GALLON	0.00075											
14	INCREASE IN PUMPING COST	335											
15	WATER TREATMENT COSTS PER GALLON	0.000115											
16	INCREASE IN WATER TREATMENT COSTS	51											
17	TOTAL INCREASE IN BILLS	69											
18	MONTHLY ACCOUNTING COST PER BILL	4.10											
19	INCREASE IN ACCOUNTING COST	283											

REFERENCES:

LINE #1 - RUCO DATA REQUEST #6.6
LINE #2 - RUCO DATA REQUEST #6.6
LINE #3 = LINE #1 MINUS LINE #2
LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
LINE #5 = LINE #3 MULTIPLIED BY LINE #4
LINE #6 = SUMMATION OF LINE #5
LINE #7 - NO REFERENCE
LINE #8 - LINE #6 MINUS LINE #7
LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6
LINE #10 = LINE #3
LINE #11 = LINE #9 MULTIPLIED BY LINE #10
LINE #12 = SUMMATION OF LINE #11
LINE #13 - CO. WIP C2-5, PAGE 3
LINE #14 = LINE #12 X LINE #13
LINE #15 - CO. WIP C2-5, PAGE 3
LINE #16 = LINE #12 MULTIPLIED BY LINE #15
LINE #17 = SUMMATION OF LINE #3
LINE #18 - CO. WIP C2-5, PAGE 4
LINE #19 = LINE #17 X LINE #18

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	\$ -	\$ -	\$0	0.00%	\$ -
2	302.0	INTANGIBLES: FRANCHISES*	-	-	-	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	4,422	(727)	3,695	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	725	725	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	4,905	-	4,905	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	48,766	1	48,767	2.59%	1,263
8	320.0	PUMPING PLANT: LAND*	-	7,054	7,054	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	26,509	74	26,583	2.59%	688
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	513,405	(612)	512,793	2.59%	13,281
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	164,220	537	164,757	2.59%	4,267
12	330.0	WATER TREATMENT PLANT: LAND*	-	-	-	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	31,930	1	31,931	2.59%	827
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	38,243	(671)	37,572	2.59%	973
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	5,044	671	5,715	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	353,044	(1)	353,043	2.59%	9,144
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	3,965,590	3	3,965,593	2.59%	102,709
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	29,546	-	29,546	2.59%	765
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	817,067	1	817,068	2.59%	21,162
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	211,876	1	211,877	2.59%	5,488
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	193,556	-	193,556	2.59%	5,013
24	389.1	GENERAL PLANT: LAND - OFFICE*	-	-	-	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	-	-	-	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*	-	-	-	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	8,474	(1)	8,473	2.59%	219
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	16,023	-	16,023	2.59%	415
29	390.3	GENERAL PLANT: MISC. BUILDINGS	-	-	-	2.59%	-
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	9,020	(1)	9,019	2.59%	234
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	53,283	(1)	53,282	2.59%	1,380
32	391.2	GENERAL PLANT: OFFICE FURNITURE	17,552	-	17,552	2.59%	455
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	-	-	-	2.59%	-
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	37,681	1	37,682	2.59%	976
35	395.0	GENERAL PLANT: LAB EQUIPMENT	1,684	-	1,684	2.59%	44
36	396.0	GENERAL PLANT: POWER EQUIPMENT	14,442	-	14,442	2.59%	374
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	27,910	(1)	27,909	2.59%	723
38	397.1	GENERAL PLANT: MOBILE RADIOS	28,544	1	28,544	2.59%	739
39	397.2	GENERAL PLANT: AUTO CONTROLS	186,546	1	186,546	2.59%	4,832
40	398.0	GENERAL PLANT: MISC.	20,062	1	20,062	2.59%	520
41							
42		TEST YEAR TOTALS	\$ 6,836,396	\$ 3	\$ 6,836,399		\$ 176,490
43							
44		POST TEST YEAR ADDITIONS	597,543	187,073	\$784,616	2.59%	20,322
45							
46		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	212,559	28,588	241,146 **	2.59%	6,246
47							
48		2002 TOTALS	\$ 7,646,498	\$ 215,663	\$ 7,862,161		\$ 203,058
49							
50		LESS:					
51		AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ***					9,701
52							
53		TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE					\$ 193,357
54							
55		DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY					200,874
56							
57		DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 53 - LINE 55)					\$ (7,517)

REFERENCES:

COLUMN (A): COMPANY SCHEDULE E-5 PAGE 1 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:

* NON-DEPRECIABLE PLANT ASSETS
** NET OF \$399 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS (\$7,215 x 0.0553 ALLOCATION FACTOR FOR 2002 = \$399)
*** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = \$374,558 x 2.59% = \$9,701

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2001
 BISBEE SYSTEM
 OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
 SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	\$ 1,322,741	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	1,258,793	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	<u>1,304,641</u>	D. R. NO. REL 19-1
4	TOTAL	\$ 3,886,175	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	1,295,392	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	<u>x 2</u>	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	2,590,783	LINE 5 X 2 (MULTIPLIER FOR REVENUES)
8	ADD: 10% OF CWIP BALANCE	-	COMPANY SCH. B-2, PG. 3; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	<u>-</u>	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	2,590,783	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	<u>25%</u>	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	647,696	LINE 10 X LINE 11
13	PROPERTY TAX RATE	<u>13.4454%</u>	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	87,085	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	<u>106,595</u>	COMPANY SCH. C-1, PG. 2
16	ADJUSTMENT	<u>(19,510)</u>	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	<u>FEDERAL INCOME TAXES:</u>		
1	OPERATING INCOME BEFORE INCOME TAXES	\$ 136,847	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	2,985	LINE 11
3	INTEREST EXPENSE	<u>94,003</u>	NOTE (a)
4	FEDERAL TAXABLE INCOME	39,858	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	<u>33.96%</u>	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	13,534	LINE 4 X LINE 5
	<u>STATE INCOME TAXES:</u>		
7	OPERATING INCOME BEFORE INCOME TAXES	136,847	LINE 1
	LESS:		
8	INTEREST EXPENSE	<u>94,003</u>	NOTE (A)
9	STATE TAXABLE INCOME	42,844	LINE 7 - LINE 8
10	STATE TAX RATE	<u>6.968%</u>	TAX RATE
11	STATE INCOME TAX EXPENSE	2,985	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	16,519	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	<u>(452)</u>	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	<u>\$ 16,971</u>	LINE 12 - LINE 13

NOTE (a):
INTEREST SYCHRONIZATION

ADJUSTED RATE BASE	\$ 3,603,099
WEIGHTED COST OF DEBT	<u>2.61%</u>
INTEREST EXPENSE	\$ 94,003

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	\$ 2,850,000	\$ 1,650,000	\$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	\$ 75,293,415	4,723,039	\$ 80,016,454	100.00%		8.68%

REFERENCES:

COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2001
 BISBEE SYSTEM
 PROPOSED RATES

DOCKET NO. W-01445A-02-0619
 SCHEDULE WAR-17

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	MONTHLY MINIMUM USAGE CHARGE:			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	\$13.47	\$20.11	\$14.82
5	1 - INCH	24.86	43.64	32.32
6	2 - INCH	62.15	126.89	93.23
7	3 - INCH	155.37	266.86	264.13
8	4 - INCH	207.16	406.02	390.92
9	6 - INCH	362.53	773.43	761.31
10	8 - INCH	362.53	1,075.08	833.82
11	10 - INCH	673.27	1,759.42	1,683.18
12				
13	GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:			
14				
15	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	1,000	0	0
16				
17	COMMODITY RATE (PER 100 GAL. OVER MINIMUM):	\$0.24860	\$0.31600	\$0.31020
18				
19	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM):	\$2.48600	\$3.16000	\$3.10200

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
MONTHLY MINIMUM CHARGES

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO PROPOSED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	\$13.47	\$20.11	\$6.64	49.29%	\$14.82	\$1.35	10.02%
2	1 - INCH	24.86	43.64	18.78	75.54%	32.32	7.46	30.01%
3	2 - INCH	62.15	126.89	64.74	104.17%	93.23	31.08	50.01%
4	3 - INCH COMMERCIAL	155.37	266.86	111.49	71.76%	264.13	108.76	70.00%
5	4 - INCH COMMERCIAL	207.16	406.02	198.86	95.99%	390.92	183.76	88.70%
6	6 - INCH	362.53	773.43	410.90	113.34%	761.31	398.78	110.00%
7	8 - INCH	362.53	1,075.08	712.55	196.55%	833.82	471.29	130.00%
8	10 - INCH	673.27	1,759.42	1,086.15	161.32%	1,683.18	1,009.91	150.00%
9	GALLONS INCLUDED IN MONTHLY MINIMUM CHARGE	1,000	0			0		

REFERENCES

COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1 OF 4
COLUMN (E): TESTIMONY WAR
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 1 OF 4

PRESENT RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$13.47	\$24.86	\$62.15	\$155.37	\$207.16	\$362.53	\$362.53	\$673.27
2	1,000	13.47	24.86	62.15	155.37	207.16	362.53	362.53	673.27
3	2,000	15.96	27.35	64.64	157.86	209.65	365.02	365.02	675.76
4	3,000	18.44	29.83	67.12	160.34	212.13	367.50	367.50	678.24
5	4,000	20.93	32.32	69.61	162.83	214.62	369.99	369.99	680.73
6	5,000	23.41	34.80	72.09	165.31	217.10	372.47	372.47	683.21
7	6,000	25.90	37.29	74.58	167.80	219.59	374.96	374.96	685.70
8	7,000	28.39	39.78	77.07	170.29	222.08	377.45	377.45	688.19
9	8,000	30.87	42.26	79.55	172.77	224.56	379.93	379.93	690.67
10	9,000	33.36	44.75	82.04	175.26	227.05	382.42	382.42	693.16
11	10,000	35.84	47.23	84.52	177.74	229.53	384.90	384.90	695.64
12	15,000	48.27	59.66	96.95	190.17	241.96	397.33	397.33	708.07
13	20,000	60.70	72.09	109.38	202.60	254.39	409.76	409.76	720.50
14	25,000	73.13	84.52	121.81	215.03	266.82	422.19	422.19	732.93
15	50,000	135.28	146.67	183.96	277.18	328.97	484.34	484.34	795.08
16	75,000	197.43	208.82	246.11	339.33	391.12	546.49	546.49	857.23
17	100,000	259.58	270.97	308.26	401.48	453.27	608.64	608.64	919.38
18	125,000	321.73	333.12	370.41	463.63	515.42	670.79	670.79	981.53
19	150,000	383.88	395.27	432.56	525.78	577.57	732.94	732.94	1,043.68
20	175,000	446.03	457.42	494.71	587.93	639.72	795.09	795.09	1,105.83
21	200,000	508.18	519.57	556.86	650.08	701.87	857.24	857.24	1,167.98
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	\$25.66	\$70.77	\$236.27	N/A	\$899.44	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.):	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	\$21.40	\$45.13	\$160.18	N/A	\$455.05	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 2 OF 4

RUCO PROPOSED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$14.82	\$32.32	\$93.23	\$0.00	\$390.92	\$0.00	\$1,005.50	\$1,508.25
2	1,000	17.92	35.42	96.33	5.36	394.02	5.36	1,008.70	1,511.45
3	2,000	21.02	38.52	99.43	10.72	397.12	10.72	1,011.90	1,514.65
4	3,000	24.13	41.63	102.54	16.09	400.23	16.09	1,015.10	1,517.85
5	4,000	27.23	44.73	105.64	21.45	403.33	21.45	1,018.30	1,521.05
6	5,000	30.33	47.83	108.74	26.81	406.43	26.81	1,021.50	1,524.25
7	6,000	33.43	50.93	111.84	32.17	409.53	32.17	1,024.69	1,527.44
8	7,000	36.53	54.03	114.94	37.53	412.63	37.53	1,027.89	1,530.64
9	8,000	39.64	57.14	118.05	42.90	415.74	42.90	1,031.09	1,533.84
10	9,000	42.74	60.24	121.15	48.26	418.84	48.26	1,034.29	1,537.04
11	10,000	45.84	63.34	124.25	53.62	421.94	53.62	1,037.49	1,540.24
12	15,000	61.35	78.85	139.76	80.43	437.45	80.43	1,053.49	1,556.24
13	20,000	76.86	94.36	155.27	107.24	452.96	107.24	1,069.48	1,572.23
14	25,000	92.37	109.87	170.78	134.05	468.47	134.05	1,085.48	1,588.23
15	50,000	169.92	187.42	248.33	268.10	546.02	268.10	1,165.45	1,668.20
16	75,000	247.47	264.97	325.88	402.15	623.57	402.15	1,245.43	1,748.18
17	100,000	325.02	342.52	403.43	536.20	701.12	536.20	1,325.40	1,828.15
18	125,000	402.57	420.07	480.98	670.25	778.67	670.25	1,405.38	1,908.13
19	150,000	480.12	497.62	558.53	804.30	856.22	804.30	1,485.35	1,988.10
20	175,000	557.67	575.17	636.08	938.35	933.77	938.35	1,565.33	2,068.08
21	200,000	635.22	652.72	713.63	1,072.40	1,011.32	1,072.40	1,645.30	2,148.05
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	\$33.14	\$92.70	\$313.59	N/A	\$1,257.84	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.):	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	\$27.82	\$60.72	\$218.65	N/A	\$703.34	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 3 OF 4

RUCO PROPOSED CHANGES EXPRESSED IN DOLLARS

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$1.35	\$7.46	\$31.08	(\$155.37)	\$183.76	(\$362.53)	\$642.97	\$834.98
2	1,000	4.45	10.56	34.18	(150.01)	186.86	(357.17)	646.17	838.18
3	2,000	5.07	11.18	34.80	(147.13)	187.48	(354.29)	646.88	838.89
4	3,000	5.68	11.79	35.41	(144.26)	188.09	(351.42)	647.60	839.61
5	4,000	6.30	12.41	36.03	(141.38)	188.71	(348.54)	648.31	840.32
6	5,000	6.92	13.03	36.65	(138.50)	189.33	(345.66)	649.02	841.03
7	6,000	7.53	13.64	37.26	(135.63)	189.94	(342.79)	649.73	841.74
8	7,000	8.15	14.26	37.88	(132.75)	190.56	(339.91)	650.45	842.46
9	8,000	8.76	14.87	38.49	(129.88)	191.17	(337.04)	651.16	843.17
10	9,000	9.38	15.49	39.11	(127.00)	191.79	(334.16)	651.87	843.88
11	10,000	10.00	16.11	39.73	(124.12)	192.41	(331.28)	652.59	844.60
12	15,000	13.08	19.19	42.81	(109.74)	195.49	(316.90)	656.15	848.16
13	20,000	16.16	22.27	45.89	(95.36)	198.57	(302.52)	659.72	851.73
14	25,000	19.24	25.35	48.97	(80.98)	201.65	(288.14)	663.28	855.29
15	50,000	34.64	40.75	64.37	(9.08)	217.05	(216.24)	681.11	873.12
16	75,000	50.04	56.15	79.77	62.82	232.45	(144.34)	698.93	890.94
17	100,000	65.44	71.55	95.17	134.72	247.85	(72.44)	716.76	908.77
18	125,000	80.84	86.95	110.57	206.62	263.25	(0.54)	734.58	926.59
19	150,000	96.24	102.35	125.97	278.52	278.65	71.36	752.41	944.42
20	175,000	111.64	117.75	141.37	350.42	294.05	143.26	770.23	962.24
21	200,000	127.04	133.15	156.77	422.32	309.45	215.16	788.06	980.07
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	\$7.47	\$21.94	\$77.33	N/A	\$358.40	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.):	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	\$6.42	\$15.58	\$58.47	N/A	\$248.29	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 4 OF 4

RUCO PROPOSED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	10.0%	30.0%	50.0%	-100.0%	88.7%	-100.0%	177.4%	124.0%
2	1,000	33.1%	42.5%	55.0%	-96.5%	90.2%	-98.5%	178.2%	124.5%
3	2,000	31.8%	40.9%	53.8%	-93.2%	89.4%	-97.1%	177.2%	124.1%
4	3,000	30.8%	39.5%	52.8%	-90.0%	88.7%	-95.6%	176.2%	123.8%
5	4,000	30.1%	38.4%	51.8%	-86.8%	87.9%	-94.2%	175.2%	123.4%
6	5,000	29.5%	37.4%	50.8%	-83.8%	87.2%	-92.8%	174.2%	123.1%
7	6,000	29.1%	36.6%	50.0%	-80.8%	86.5%	-91.4%	173.3%	122.8%
8	7,000	28.7%	35.8%	49.2%	-78.0%	85.8%	-90.1%	172.3%	122.4%
9	8,000	28.4%	35.2%	48.4%	-75.2%	85.1%	-88.7%	171.4%	122.1%
10	9,000	28.1%	34.6%	47.7%	-72.5%	84.5%	-87.4%	170.5%	121.7%
11	10,000	27.9%	34.1%	47.0%	-69.8%	83.8%	-86.1%	169.5%	121.4%
12	15,000	27.1%	32.2%	44.2%	-57.7%	80.8%	-79.8%	165.1%	119.8%
13	20,000	26.6%	30.9%	41.9%	-47.1%	78.1%	-73.8%	161.0%	118.2%
14	25,000	26.3%	30.0%	40.2%	-37.7%	75.6%	-68.2%	157.1%	116.7%
15	50,000	25.6%	27.8%	35.0%	-3.3%	66.0%	-44.6%	140.6%	109.8%
16	75,000	25.3%	26.9%	32.4%	18.5%	59.4%	-26.4%	127.9%	103.9%
17	100,000	25.2%	26.4%	30.9%	33.6%	54.7%	-11.9%	117.8%	98.8%
18	125,000	25.1%	26.1%	29.8%	44.6%	51.1%	-0.1%	109.5%	94.4%
19	150,000	25.1%	25.9%	29.1%	53.0%	48.2%	9.7%	102.7%	90.5%
20	175,000	25.0%	25.7%	28.6%	59.6%	46.0%	18.0%	96.9%	87.0%
21	200,000	25.0%	25.6%	28.2%	65.0%	44.1%	25.1%	91.9%	83.9%
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	29.1%	31.0%	32.7%	N/A	39.8%	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.):	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	30.0%	34.5%	36.5%	N/A	54.6%	N/A	N/A	N/A

REFERENCE

LINES 1 THRU 21 - COMPANY SCHEDULE H-4, PAGE 1 OF 4

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

DOCKET NO. W-01445A-02-061
SCHEDULE WAR-20

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED MINIMUM REVENUE	(B) RUCO PROPOSED COMMODITY REVENUE	(C) RUCO PROPOSED TOTAL REVENUE
1	5/8 X 3/4 - INCH	\$582,070	\$719,360	\$1,301,430
2	1 - INCH	32,320	60,382	92,702
3	2 - INCH	52,022	122,962	174,985
4	3 - INCH	0	0	0
5	4 - INCH	14,073	31,209	45,282
6	6 - INCH	0	0	0
7	8 - INCH	0	0	0
13	10 - INCH	0	0	0
14				
15	TOTALS	<u>\$680,486</u>	<u>\$933,914</u>	<u>\$1,614,399 (a)</u>
16				
17	PERCENTAGE OF TOTAL REVENUE	42.00%	58.00%	100.00%

NOTE (a):

RUCO REQUIRED REVENUE \$ 1,639,067

LESS:

FIRE SPRINKLER REVENUE \$ 840

FIRE HYDRANT REVENUE -

MISCELLANEOUS REVENUE 12,110

RENT - WATER PROPERTY REVENUE -

OTHER WATER REVENUE 11,717

TOTAL \$ 24,667

REVENUE TO BE GENERATED FROM WATER SALES \$ 1,614,400

REFERENCE:

NOTE (a) 2002 REVENUE INFORMATION OBTAINED FROM RUCO D.R. NO. 1.10

ARIZONA WATER COMPANY
MIAMI SYSTEM
DOCKET NO. W-1445A-02-0619
TABLE OF CONTENTS TO SCHEDULES WAR

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WAR - 3	SUMMARY OF RATE BASE ADJUSTMENTS
WAR - 4	RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION
WAR - 5	RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES
WAR - 6	RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
WAR - 7	RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
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WAR - 11	OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002
WAR - 12	OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE
WAR - 13	OPERATING ADJ. #9 - PROPERTY TAX EXPENSE
WAR - 14	OPERATING ADJ. #10 - INCOME TAXES
WAR - 15	OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM
WAR - 16	COST OF CAPITAL
WAR - 17	PROPOSED RATES
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WAR - 19	BILLING ANALYSIS
WAR - 20	REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	\$ 4,570,196	\$ 3,600,871
2	ADJUSTED OPERATING INCOME	59,991	167,256
3	CURRENT RATE OF RETURN (L2 / L1)	1.31%	4.64%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	502,722	312,658
6	OPERATING INCOME DEFICIENCY (L5 - L2)	442,731	145,402
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.63120
8	GROSS REVENUE INCREASE	\$ 722,718	\$ 237,179
9	CURRENT REVENUES T/Y ADJUSTED	1,456,939	1,513,578
10	PROPOSED ANNUAL REVENUE (L8 + L9)	2,179,657	1,750,757
11	PERCENTAGE AVERAGE INCREASE	49.61%	15.67%

REFERENCES:

COLUMN (A): COMPANY SCHEDULE A-1

COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2001
 MIAMI SYSTEM
 GROSS REVENUE CONVERSION FACTOR

DOCKET NO. W-1445A-02-0619
 SCHEDULE WAR-1
 PAGE 2 OF 2

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	<u>0.002316</u>	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	<u>38.46%</u>	NOTE (A)
5	TOTAL	0.6130	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	<u>1.63120</u>	LINE 1/LINE 5

NOTE (a):
 CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	<u>6.97%</u>
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	<u>33.95%</u>
SUBTOTAL	31.58%
ADD STATE TAX RATE	38.55%
LINE 3 ABOVE	<u>99.77%</u>
EFFECTIVE TAX RATE	38.46%

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$ 6,837,666	\$ (103,965)	\$ 6,733,700
2	PHOENIX OFFICE & METER SHOP ALLOCATION	197,194	45,963	243,157
3	ACCUMULATED DEPRECIATION	<u>(1,713,976)</u>	<u>(13,420)</u>	<u>(1,727,396)</u>
4	NET PLANT IN SERVICE	\$ 5,320,883	\$ (71,423)	\$ 5,249,460
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	<u>-</u>	<u>-</u>	<u>-</u>
6	TOTAL NET PLANT	\$ 5,320,883	\$ (71,423)	\$ 5,249,460
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(109,428)	6,180	(103,248)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(188,394)	(13,660)	(202,054)
9	ACCUMULATED AMORTIZATION OF CIAC	32,086	5,056	37,142
10	DEFERRED INCOME TAXES	(566,719)	(122,314)	(689,033)
12				
13	AMORTIZATION OF 50/50 SHARING OF PCG SETTLEMENT	-	-	-
14	WORKING CAPITAL	<u>81,768</u>	<u>(73,165)</u>	<u>8,603</u>
15	TOTAL RATE BASE	<u>\$ 4,570,196</u>	<u>\$ (969,325)</u>	<u>\$ 3,600,871</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE B-1
COLUMN (B): SCHEDULE WAR-3
COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ.#1	(C) ADJ.#2	(D) ADJ.#3	(E) ADJ.#4	(F) ADJ.#5	(G) ADJ.#6	(H) ADJ.#7	(I) ADJ.#8	(J) ADJ.#9	(K) ADJ.#10	(L) ADJ.#11	(M) RUCO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$ 6,837,666	(\$103,965)			25,802	(6,835)							\$ 6,733,700
2	PHOENIX OFFICE & METER SHOP ALLOCATION	197,194 (a)		28,995 (b)	12,382 (c)	(25,802)								243,157
3	ACCUMULATED DEPRECIATION	(1,713,976)												(1,727,396)
4	NET PLANT IN SERVICE	\$ 5,320,883	\$ (103,965)	\$ 28,995	\$ 12,382	\$ -	\$ (6,835)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,249,480
5	CONSTRUCTION WORK IN PROGRESS (CWIP)													
6	TOTAL NET PLANT	\$ 5,320,883	\$ (103,965)	\$ 28,995	\$ 12,382	\$ -	\$ (6,835)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,249,480
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(109,428)						6,180						(103,248)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(188,394)							(13,660)					(202,054)
9	ACCUMULATED AMORTIZATION OF CIAC	32,088							5,056					37,142
10	DEFERRED INCOME TAXES	(566,719)								(122,314)				(689,033)
12														
13	AMORTIZATION OF 50/50 SHARING OF PCG SETTLEMENT	81,788									(73,165)			8,623
14	WORKING CAPITAL	\$ 4,570,196	\$ (103,965)	\$ 28,995	\$ 12,382	\$ -	\$ (6,835)	\$ 6,180	\$ (8,604)	\$ (122,314)	\$ (73,165)	\$ -	\$ (700,000)	\$ 3,603,871
15	TOTAL RATE BASE													

ADJUSTMENT #:
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS
2. PHOENIX OFFICE & METER SHOP ALLOCATION
3. ACCUMULATED DEPRECIATION
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
6. AIAC - 2002 BALANCE

ADJUSTMENT #:
7. CIAC - 2002 BAL. & AMORTIZATION
8. ACCUMULATED DEFERRED INCOME TAXES
9. WORKING CAPITAL
10. NOT USED

REFERENCE:
RUCO D.R. NO. 6.3, TESTIMONY - WAR
RUCO D.R. NO. 6.3
SCHEDULE WAR-7, PAGE 3
N/A

NOTES:
(a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM. DEPR. PER COMPANY	1990 NET PLANT PER PRIOR ACC PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUCCO	1991 DEPRECIATION EXPENSE PER RUCCO	1991 ACCUMULATED DEPRECIATION PER RUCCO	1991 YEAR END NET PLANT PER RUCCO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	1,225	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	15,023	0	15,023	0	0	15,023	0	0	15,023
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	34,237	0	34,237	0	0	34,237	0	0	34,237
7	314.0	SOURCE OF SUPPLY: LAND - WELLS*	682,912	135,630	547,282	2,573	0	549,855	16,558	152,188	533,297
8	320.0	PUMPING PLANT: LAND*	3,885	0	3,885	0	0	3,885	0	0	3,885
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	19,835	3,939	15,896	0	0	19,835	480	4,419	15,416
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	444,659	86,312	358,347	73,931	(20,522)	498,068	11,407	79,197	418,871
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	550	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	3,932	781	3,151	0	0	3,932	95	876	3,056
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	14,953	2,970	11,983	0	0	14,953	362	3,332	11,621
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	4,353	0	4,353	0	0	4,353	0	0	4,353
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	208,114	41,333	166,781	5,499	0	213,613	5,103	46,435	167,178
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,401,122	278,270	1,122,852	68,364	(8,068)	1,461,418	34,637	304,839	1,156,579
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	17,360	3,448	13,912	2,902	0	20,262	455	3,903	16,359
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	410,100	81,448	328,652	16,158	(4,643)	421,615	10,064	86,869	334,746
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	182,513	36,248	146,265	4,326	(2,495)	184,344	4,439	38,192	146,152
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	85,554	16,991	68,563	2,381	(17)	87,916	2,099	19,074	68,844
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	424	0	424	0	0	424	0	0	424
24	389.1	GENERAL PLANT: LAND - OFFICE*	2,471	0	2,471	0	0	2,471	0	0	2,471
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	17,344	3,445	13,899	0	0	17,344	420	3,864	13,480
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	7,351	1,462	5,889	0	0	7,351	178	1,640	5,721
29	390.3	GENERAL PLANT: MISC. BUILDINGS	6,201	1,232	4,969	0	0	6,201	150	1,382	4,819
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	14,685	2,917	11,768	0	0	14,685	355	3,272	11,413
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	9,603	2,983	6,620	459	0	15,481	369	3,353	12,128
32	391.2	GENERAL PLANT: OFFICE FURNITURE	713	1,907	7,696	0	0	9,603	232	2,140	7,463
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	39,974	7,939	32,035	212	0	40,186	970	8,909	31,277
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	1,014	201	813	54	0	1,068	25	841	227
35	395.0	GENERAL PLANT: LAB EQUIPMENT	5,338	1,060	4,278	0	0	5,338	129	1,189	4,149
36	396.0	GENERAL PLANT: POWER EQUIPMENT	96,434	19,152	77,282	0	0	96,434	2,334	21,486	74,948
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	424	84	340	191	0	615	13	97	518
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	0	449	0	449	5	5	444
39	397.2	GENERAL PLANT: AUTO CONTROLS	3,564	708	2,856	0	0	3,564	86	794	2,770
40	398.0	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0
41		TOTALS	\$3,750,899	\$732,602	\$3,018,297	\$177,499	(\$35,745)	\$3,892,653	\$90,983	\$787,840	\$3,104,813

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MAINTENANCE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUO	1992 DEPRECIATION EXPENSE PER RUO	1992 ACCUMULATED DEPRECIATION PER RUO	1992 YEAR END NET PLANT PER RUO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUO	1993 DEPRECIATION EXPENSE PER RUO	1993 ACCUMULATED DEPRECIATION PER RUO	1993 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	15,023	0	0	15,023	1,404	0	16,427	0	0	16,427
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	311.0	SOURCE OF SUPPLY: LAND - WELLS*	0	0	34,237	0	0	34,237	0	0	34,237	0	0	34,237
7	312.0	SOURCE OF SUPPLY: WELLS*	45,975	0	731,460	17,145	169,333	747,560	16,100	0	747,560	19,153	186,488	559,074
8	320.0	PUMPING PLANT: LAND*	0	0	13,633	480	4,899	3,885	(231)	19,604	5,179	511	5,179	14,463
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	19,333	480	4,899	14,906	96,315	(29,281)	571,522	13,954	9,339	562,183
10	322.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	73,062	(66,642)	504,466	12,131	24,686	479,802	0	0	0	0	0	0
11	323.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	550	0	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	3,932	95	971	2,961	0	0	3,932	102	1,073	2,859
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	14,953	362	3,653	11,280	19	0	14,972	388	4,081	10,891
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	4,353	0	0	4,353	0	0	4,353	0	0	4,353
16	341.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	202,858	0	416,471	7,624	54,059	362,412	0	0	416,471	10,787	84,846	351,625
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	62,983	(3,194)	1,521,207	36,090	337,735	1,183,472	19,283	(1,654)	1,529,836	39,628	375,708	1,163,128
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	3,184	0	23,446	529	4,432	19,014	72	(614)	22,518	608	5,040	18,478
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	23,980	(823)	444,772	10,483	96,529	346,243	12,851	(6,175)	457,099	11,878	107,553	349,416
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	4,021	(3,599)	184,786	4,466	39,059	145,707	11,128	(6,175)	189,719	4,850	37,734	151,985
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	0	87,918	2,128	21,201	66,717	3,077	(237)	90,708	2,313	23,227	67,481
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	424	0	0	424	0	0	424	0	0	424
24	359.1	GENERAL PLANT: LAND - OFFICE*	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
25	359.2	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
26	359.3	GENERAL PLANT: LAND - HOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
27	360.1	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	17,344	420	4,284	13,060	0	0	17,344	449	4,733	12,611
28	360.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	7,361	178	1,814	5,543	0	0	7,361	191	2,009	5,352
29	360.3	GENERAL PLANT: MISC. BUILDINGS	0	0	6,201	150	1,392	4,809	0	0	6,201	161	1,692	4,509
30	361.0	GENERAL PLANT: OFFICE BUILDINGS	0	0	15,538	355	3,527	11,008	2,599	(120)	14,565	379	3,886	10,679
31	361.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	55	0	15,538	379	3,527	11,008	2,599	0	18,135	438	4,164	13,971
32	361.2	GENERAL PLANT: OFFICE FURNITURE	0	0	9,603	22	2,372	7,231	285	0	9,888	252	2,624	7,244
33	363.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	713	17	176	537	0	0	713	18	195	518
34	364.0	GENERAL PLANT: GARAGE EQUIPMENT	2,273	0	9,909	1,000	9,909	32,550	646	0	43,105	1,108	11,017	32,088
35	365.0	GENERAL PLANT: LAB EQUIPMENT	195	0	4,353	28	255	1,008	0	0	4,353	33	287	4,066
36	366.0	GENERAL PLANT: POWER EQUIPMENT	652	(1,500)	1,439	119	(192)	4,682	0	0	4,490	116	(75)	4,565
37	367.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	(376)	96,054	2,339	23,439	72,619	0	0	96,054	2,468	25,367	70,687
38	367.1	GENERAL PLANT: MOBILE RADIOS	4,784	0	5,399	74	170	5,229	721	0	6,120	149	319	5,801
39	397.2	GENERAL PLANT: AUTO CONTROLS	5,235	0	5,684	74	80	5,604	4,393	0	10,077	204	1,088	9,993
40	398.0	GENERAL PLANT: MISC.	2,016	0	6,380	120	914	5,466	621	0	7,007	173	1,088	5,913
41		TOTALS	\$432,073	(\$76,134)	\$4,248,592	\$97,005	\$808,710	\$3,439,882	\$169,494	(\$38,352)	\$4,379,724	\$110,108	\$880,455	\$3,499,268

REFERENCE:
ACC STAFF D.R. NO. REL 124

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUCCO	1994 DEPRECIATION EXPENSE PER RUCCO	1994 ACCUMULATED DEPRECIATION PER RUCCO	1994 YEAR END NET PLANT PER RUCCO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUCCO	1995 DEPRECIATION EXPENSE PER RUCCO	1995 ACCUMULATED DEPRECIATION PER RUCCO	1995 YEAR END NET PLANT PER RUCCO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	0	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	378	0	18,805	0	0	18,805	1,451	0	18,256	0	0	18,256
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	316	0	34,553	0	0	34,553	79,177	0	827,273	20,404	228,260	599,113
7	314.0	SOURCE OF SUPPLY: WELLS	636	0	746,196	19,370	207,856	540,340	0	0	3,885	0	0	3,885
8	320.0	PUMPING PLANT: LAND*	0	0	19,604	508	5,887	13,917	0	0	19,604	508	6,195	13,409
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	112,832	(65,103)	61,251	15,421	(40,344)	659,395	56,147	(40,279)	675,119	16,782	(63,860)	738,979
10	323.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
11	330.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	550	102	0	550	0	0	550	0	0	550
12	331.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	3,932	382	1,175	2,757	0	0	3,932	382	1,277	2,655
13	332.0	WATER TREATMENT PLANT: TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	14,972	382	4,469	10,503	0	0	14,972	382	4,857	10,125
14	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	4,353	0	0	4,353	0	0	4,353	0	0	4,353
15	340.2	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
16	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
17	341.1	TRANSMISSION & DISTRIBUTION: STRUCTURES	2,445	0	418,918	10,818	75,664	343,252	48,377	0	418,918	10,850	86,514	332,402
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	12,606	(3,448)	1,547,994	39,974	412,235	1,135,759	0	(4,357)	1,592,554	40,670	448,548	1,144,006
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	0	0	23,518	609	5,649	17,869	0	0	23,518	609	8,258	17,260
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	17,732	(253)	474,488	12,063	119,403	355,085	15,578	(1,451)	488,615	12,472	130,424	356,191
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	7,014	(3,891)	192,842	4,954	38,797	154,045	14,448	(979)	191,022	4,971	41,947	148,075
22	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	50,708	2,349	25,577	25,131	0	0	104,175	2,524	27,121	77,054
23	346.1	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	424	0	0	424	0	0	424	0	0	424
24	365.1	GENERAL PLANT: LAND - WAREHOUSE*	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
25	365.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	365.3	GENERAL PLANT: LAND - MISC.*	0	0	17,601	453	5,188	12,413	0	0	17,601	458	5,842	11,959
27	366.1	GENERAL PLANT: OFFICE BUILDINGS	257	0	7,361	191	2,200	5,161	0	0	7,361	191	2,300	4,971
28	366.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	8,201	181	1,853	4,348	0	0	8,201	181	2,013	4,188
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	14,565	377	4,263	10,302	18,796	0	14,565	377	4,841	9,924
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	534	0	18,669	477	4,640	14,029	0	0	38,459	740	5,380	33,079
31	391.1	GENERAL PLANT: OFFICE FURNITURE	110	0	9,978	257	2,861	3,926	0	0	9,978	258	3,140	6,838
32	391.2	GENERAL PLANT: OFFICE EQUIPMENT	3,471	0	4,184	63	256	3,928	0	0	4,184	108	366	3,818
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	548	0	43,553	1,124	10,744	31,512	2,687	(266)	48,054	1,162	13,096	33,018
34	394.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	1,863	109	320	943	0	0	1,863	33	353	1,510
35	395.0	GENERAL PLANT: POWER EQUIPMENT	0	0	3,896	168	(559)	4,457	0	0	3,896	101	456	4,356
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	96,056	2,888	28,415	67,643	0	0	96,056	2,473	29,744	65,170
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	49	0	13,175	301	478	5,891	1,502	0	15,345	2,170	984	14,391
38	397.1	GENERAL PLANT: MOBILE RADIOS	3,098	0	7,915	193	1,281	12,590	2,170	0	15,345	2,170	984	14,391
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
40	398.0	GENERAL PLANT: MISC.	\$162,900	(\$73,287)	\$4,489,377	\$112,940	\$920,110	\$3,511,515	\$288,565	(\$50,389)	\$4,707,553	\$117,159	\$986,879	\$3,720,674
41		TOTALS												

REFERENCE:
ACC STAFF D.R. NO. REL 124

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 (RETIREMENTS) PER COMPANY	1996 YEAR END PLANT VALUE PER RUO	1996 DEPRECIATION EXPENSE PER RUO	1996 ACCUMULATED DEPRECIATION PER RUO	1996 YEAR END NET PLANT PER RUO	1997 ADDITIONS PER COMPANY	1997 (RETIREMENTS) PER COMPANY	1997 YEAR END PLANT VALUE PER RUO	1997 DEPRECIATION EXPENSE PER RUO	1997 ACCUMULATED DEPRECIATION PER RUO	1997 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES ORGANIZATION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES FRANCHISES	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES MISC.	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS	445	0	18,701	0	0	18,828	127	0	18,828	0	0	18,828
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS	0	0	34,553	0	0	34,553	3,995	0	832,704	21,515	271,231	561,483
7	314.0	SOURCE OF SUPPLY: WELLS	1,338	0	828,709	21,446	249,708	579,003	3,995	0	832,704	21,515	271,231	561,483
8	320.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	3,885	0	0	3,885	0	0	3,885	0	0	3,885
9	321.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	79,783	(13,312)	13,964	508	6,702	12,902	11,903	(1,875)	752,863	19,393	(71,916)	824,779
10	325.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	741,510	18,346	(58,826)	800,386	43,738	0	752,863	0	0	752,863
11	328.0	PUMPING PLANT: TREATMENT PLANT	0	0	550	0	0	550	0	0	550	0	0	550
12	330.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	3,932	102	1,379	2,553	855	0	3,932	102	1,480	2,452
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	14,972	388	5,244	9,728	655	0	15,627	386	5,641	9,986
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	581	0	4,934	0	0	4,934	0	0	4,934	0	0	4,934
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	418,916	10,850	97,364	321,552	0	0	418,916	10,850	0	408,066
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	10,001	(5,276)	1,597,279	41,308	4,580	1,112,699	76,819	(212)	1,672,888	42,362	528,732	1,144,156
19	343.0	TRANSMISSION & DISTRIBUTION: RISE SPRINKLERS	1,976	0	25,494	13,191	6,893	18,601	4,888	(173)	25,570	713	156,908	21,974
20	344.0	TRANSMISSION & DISTRIBUTION: RISE SPRINKLERS	41,937	(5,344)	529,965	13,191	145,028	388,937	25,570	(173)	555,362	14,055	358,452	398,452
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	8,558	(2,379)	184,312	4,989	41,592	152,844	5,422	(192)	197,732	5,076	44,742	152,990
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	4,516	0	106,312	2,736	27,468	78,844	15,281	(192)	121,111	2,949	30,225	91,178
23	389.1	GENERAL PLANT: LAND - OFFICE	0	0	424	0	0	424	0	0	424	0	0	424
24	389.2	GENERAL PLANT: LAND - WAREHOUSE	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
25	389.3	GENERAL PLANT: LAND - MISC.	57	0	17,658	0	0	17,658	0	0	17,658	0	0	17,658
26	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	7,361	191	6,094	11,560	18,753	(18,881)	977	241	(10,341)	11,318
27	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	7,361	191	2,581	4,027	18,753	0	24,114	408	2,388	21,168
28	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	6,201	161	5,018	9,547	0	0	6,201	161	2,335	3,165
29	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	14,565	87	5,018	9,547	0	0	14,565	377	3,158	9,170
30	391.1	GENERAL PLANT: OFFICE EQUIPMENT	826	(4,096)	35,269	855	2,239	33,050	64	0	35,353	407	3,154	32,199
31	391.2	GENERAL PLANT: OFFICE FURNITURE	5,553	0	15,314	330	3,470	12,081	378	0	15,909	407	3,877	12,032
32	391.3	GENERAL PLANT: WAREHOUSE EQUIPMENT	1,775	0	47,629	108	475	3,709	0	0	54,391	108	583	53,801
33	391.4	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	12,252	126	14,252	33,577	6,562	0	54,391	33	1,324	53,067
34	391.5	GENERAL PLANT: LAB EQUIPMENT	0	0	1,263	33	388	877	0	0	1,263	33	418	845
35	391.6	GENERAL PLANT: POWER EQUIPMENTS	0	0	3,898	101	(357)	4,255	0	0	3,898	101	(256)	4,154
36	391.7	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	92,813	2,639	28,872	82,741	1,132	0	92,813	2,639	32,271	60,542
37	391.8	GENERAL PLANT: MOBILE RADIOS	573	(2,331)	8,244	206	863	20,361	1,789	(45)	25,909	228	1,091	23,814
38	391.9	GENERAL PLANT: AUTO CONTROLS	9,820	0	25,165	525	1,478	20,361	0	0	25,909	681	2,095	23,814
39	392.0	GENERAL PLANT: MISC.	1,051	0	15,653	399	1,478	20,361	1,003	0	16,566	416	2,255	13,311
40	398.0	TOTALS	\$168,868	(\$33,325)	\$4,843,096	\$121,946	\$1,070,519	\$3,752,403	\$214,275	(\$53,547)	\$5,003,824	\$125,787	\$1,147,760	\$3,856,064

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUO	1998 DEPRECIATION EXPENSE PER RUO	1998 ACCUMULATED DEPRECIATION PER RUO	1998 YEAR END NET PLANT PER RUO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUO	1999 DEPRECIATION EXPENSE PER RUO	1999 ACCUMULATED DEPRECIATION PER RUO	1999 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	307,164	0	325,992	0	0	325,992	1,331	0	327,323	0	0	327,323
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	26,165	0	60,718	0	0	60,718	2,728	0	60,718	28,745	325,106	786,136
7	314.0	SOURCE OF SUPPLY: LAND - WELLS*	275,810	0	1,108,573	25,139	296,360	812,154	0	0	1,111,242	813	7,055	4,723
8	320.0	PUMPING PLANT: LAND*	838	0	36,373	777	6,242	24,135	2,051	0	32,123	813	7,055	25,373
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	745	0	807,864	20,211	(82,881)	890,745	48,849	(12,552)	845,161	21,407	(74,029)	919,187
10	322.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	1,104	0	162	2	(940)	1,102	0	0	1,102	0	0	1,102
11	323.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	550	0	0	550	0	0	550	0	0	550
12	330.0	PUMPING PLANT: WATER TREATMENT PLANT: EQUIPMENT	0	0	3,592	102	1,582	2,350	14,095	0	18,027	284	1,867	16,160
13	331.0	PUMPING PLANT: WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	16,512	416	5,826	10,686	18,317	(1,324)	33,505	648	5,150	28,355
14	332.0	PUMPING PLANT: WATER TREATMENT PLANT: EQUIPMENT	1,116	0	4,937	0	0	4,937	0	0	4,937	0	0	4,937
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	418,916	10,650	119,064	299,852	343	0	419,259	10,854	129,918	289,341
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	42,147	0	1,713,652	43,871	588,430	1,145,152	71,759	(2,269)	1,783,352	45,289	611,450	1,171,902
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	0	0	29,550	768	8,372	41,128	0	0	29,550	768	9,138	20,412
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	18,484	0	571,065	14,397	170,786	452,279	28,121	(1,276)	597,910	15,138	184,598	417,312
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	4,387	0	199,638	5,146	47,467	152,171	368	(930)	199,106	5,164	51,841	147,265
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	9,012	0	130,413	3,281	35,486	98,927	7,468	0	137,881	3,474	36,360	100,521
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	424	0	0	424	0	0	424	0	0	424
24	389.1	GENERAL PLANT: LAND - OFFICE	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	1,626	0	1,626	0	0	1,626
26	389.3	GENERAL PLANT: OFFICE BUILDINGS	30,562	0	31,539	421	(9,920)	41,459	0	0	31,539	817	(9,103)	40,642
27	390.1	GENERAL PLANT: WAREHOUSE BUILDINGS	1,666	0	23,760	646	3,835	22,145	0	0	23,760	658	4,302	21,478
28	390.2	GENERAL PLANT: MISC. BUILDINGS	2,239	0	1,655	190	2,524	5,916	12,186	0	20,628	376	2,901	17,725
29	390.3	GENERAL PLANT: OFFICE EQUIPMENT	0	0	34,114	377	5,772	8,793	0	0	34,114	377	6,149	8,416
30	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	331	(1,570)	16,893	900	2,484	31,530	6,519	0	14,553	968	3,452	37,181
31	391.1	GENERAL PLANT: OFFICE FURNITURE	984	0	4,509	425	4,302	12,591	451	0	17,344	443	4,745	12,599
32	392.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	325	0	58,663	113	696	4,813	0	0	58,663	117	812	3,697
33	393.0	GENERAL PLANT: LAB EQUIPMENT	4,212	0	1,263	33	17,040	41,623	801	0	59,464	1,530	18,570	40,894
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	1,263	33	451	812	0	0	1,263	33	484	779
35	395.0	GENERAL PLANT: POWER EQUIPMENT	0	0	3,898	101	(155)	4,053	0	0	3,898	101	(54)	3,952
36	396.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	92,613	2,399	34,670	57,943	0	0	92,613	2,399	37,068	55,545
37	397.0	GENERAL PLANT: MOBILE RADIOS	4,197	0	13,573	297	1,389	12,184	2,344	0	13,573	352	1,740	11,833
38	397.1	GENERAL PLANT: AUTO CONTROLS	647	0	26,556	679	2,775	23,444	0	0	26,556	718	3,493	25,407
39	397.2	GENERAL PLANT: MISC.	4,108	0	20,674	482	2,733	23,444	0	0	20,674	535	3,273	24,401
40	398.0	TOTALS	\$820,463	(\$39,332)	\$5,784,955	\$133,655	\$1,242,060	\$4,522,688	\$220,380	(\$18,351)	\$5,966,991	\$142,021	\$1,365,753	\$4,621,238

REFERENCE
ACC STAFF D.R. NO. REL 1-24

NOTE:
*NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 DEPRECIATION EXPENSE PER RUO	2000 ACCUMULATED DEPRECIATION PER RUO	2000 YEAR END NET PLANT PER RUO	2001 ADDITIONS PER COMPANY	2001 DEPRECIATION EXPENSE PER RUO	2001 ACCUMULATED DEPRECIATION PER RUO	2001 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES FRANCHISES*	0	0	0	1,225	0	0	0	1,225
3	303.0	INTANGIBLES MISCELLANEOUS*	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	965	0	0	328,288	243	0	0	328,531
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	62,425	0	0	0	62,425
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	20,837	29,051	354,157	1,320,079	1,099	28,335	383,492	749,686
7	320.0	PUMPING PLANT: LAND*	0	0	0	4,723	0	0	0	4,723
8	320.1	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	147	836	7,441	24,684	285	835	8,277	24,113
9	320.2	PUMPING PLANT: ELECTRICAL EQUIPMENT	25,658	22,082	(62,779)	922,764	4,038	22,319	(41,009)	904,483
10	325.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	4	(932)	1,094	0	4	(927)	1,089
11	328.0	PUMPING PLANT: WATER TREATMENT PLANT: LAND*	0	0	0	550	0	0	0	550
12	330.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	30,832	467	2,334	15,853	1,810	488	2,821	16,819
13	331.0	WATER TREATMENT PLANT: EQUIPMENT	0	1,264	6,414	57,723	8,810	1,629	(3,080)	64,704
14	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	0	4,937	889	0	0	5,835
15	340.1	TRANSMISSION & DISTRIBUTION: LAND STRUCTURES	0	0	0	0	0	0	0	0
16	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,819	10,882	140,801	290,277	3,058	10,946	151,747	272,424
17	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	78,912	47,158	64,425	1,203,656	99,647	49,409	703,276	1,253,894
18	343.0	TRANSMISSION & DISTRIBUTION: SPRINKLERS	0	768	9,905	19,675	0	766	10,811	18,909
19	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	30,984	15,866	188,233	428,447	38,934	16,721	218,344	450,661
20	345.0	TRANSMISSION & DISTRIBUTION: METERS	4,252	3,162	55,289	146,525	1,839	3,235	49,316	143,129
21	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	5,578	3,953	40,604	102,853	0	3,715	44,268	99,138
22	348.0	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	424	0	0	0	424
23	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	2,471	0	0	(1,707)	2,471
24	389.2	GENERAL PLANT: LAND - MISC.*	0	0	0	1,628	0	0	(7,470)	39,009
25	389.3	GENERAL PLANT: OFFICE BUILDINGS	0	817	(6,281)	38,826	0	817	5,653	20,532
26	390.1	GENERAL PLANT: WAREHOUSE BUILDINGS	405	673	4,975	21,210	0	678	4,015	17,909
27	390.2	GENERAL PLANT: MISC. BUILDINGS	1,109	549	3,449	18,286	189	377	6,904	7,881
28	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	1,157	1,067	6,527	8,038	0	1,094	5,614	37,108
29	391.1	GENERAL PLANT: OFFICE FURNITURE	971	462	4,519	37,271	932	474	5,881	12,634
30	391.2	GENERAL PLANT: OFFICE EQUIPMENT	0	117	5,207	13,108	0	117	1,046	3,483
31	392.0	GENERAL PLANT: GARAGE EQUIPMENT	7,059	1,632	20,202	46,361	8,029	1,828	22,030	52,562
32	393.0	GENERAL PLANT: POWER EQUIPMENT	803	43	527	1,335	0	54	580	1,486
33	394.0	GENERAL PLANT: POWER EQUIPMENT	0	101	47	3,851	0	101	148	3,750
34	395.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	2,399	39,467	52,146	0	2,399	41,866	50,747
35	396.0	GENERAL PLANT: MOBILE RADIOS	405	357	2,087	11,881	147	364	2,461	11,864
36	397.0	GENERAL PLANT: MOBILE RADIOS	0	759	4,252	25,482	0	770	5,022	17,101
37	397.1	GENERAL PLANT: AUTO CONTROLS	0	535	3,008	13,673	0	553	4,361	17,701
38	397.2	GENERAL PLANT: MISC.	0	535	3,008	13,673	0	553	4,361	17,701
39	398.0	TOTALS	\$214,282	\$147,052	\$1,482,001	\$4,668,289	\$170,969	\$151,593	\$1,628,869	\$4,107,803

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT VALUE PER RUO	2002 DEPRECIATION EXPENSE PER RUO	2002 ACCUMULATED DEPRECIATION PER RUO	2002 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	3,238	0	331,769	0	0	331,769
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	62,425	0	0	62,425
7	314.0	SOURCE OF SUPPLY: WELLS	3,329	0	1,136,507	29,392	412,884	723,623
8	320.0	PUMPING PLANT: LAND*	0	0	4,723	0	0	4,723
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	3,588	0	35,978	885	9,162	26,816
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	54,890	(43,728)	874,636	22,509	(62,228)	936,864
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	162	4	(923)	1,085
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	19,640	509	3,330	16,310
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	918	0	62,542	1,608	(1,472)	64,014
15	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	5,835	0	0	5,835
16	340.2	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	660	0	424,836	10,995	162,742	262,094
18	343.0	TRANSMISSION & DISTRIBUTION: MAINS	263,826	(13,449)	2,207,547	53,933	743,760	1,463,787
19	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	4,732	0	34,312	827	11,498	22,814
20	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	92,132	(3,787)	752,840	18,354	228,402	524,438
21	346.0	TRANSMISSION & DISTRIBUTION: METERS	11,414	(562)	213,297	5,384	64,138	149,159
22	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	2,351	0	145,957	3,747	48,015	97,942
23	389.1	GENERAL PLANT: LAND - OFFICE*	453	0	877	0	0	877
24	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	2,471	0	0	2,471
25	389.3	GENERAL PLANT: LAND - MISC.*	0	0	(81)	0	(1,707)	1,626
26	390.1	GENERAL PLANT: OFFICE BUILDINGS	355	0	31,894	821	(6,648)	38,543
27	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	26,185	678	6,332	19,853
28	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	21,924	568	4,583	17,341
29	391.0	GENERAL PLANT: OFFICE EQUIPMENT	29,334	(7,904)	35,995	655	(345)	36,340
30	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	42,722	1,106	6,720	36,002
31	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	18,315	474	6,156	12,159
32	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	4,509	117	1,163	3,346
33	394.0	GENERAL PLANT: GARAGE EQUIPMENT	4,771	0	79,363	1,994	24,023	55,340
34	395.0	GENERAL PLANT: LAB EQUIPMENT	519	0	2,585	60	641	1,944
35	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	3,898	101	249	3,649
36	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	32,851	(16,910)	108,554	2,605	27,561	80,993
37	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	14,125	366	2,827	11,298
38	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	29,734	770	5,792	23,942
39	398.0	GENERAL PLANT: MISC.	783	0	22,845	582	4,943	(4,361)
40		TOTALS	\$510,343	(\$86,340)	\$6,760,695	\$159,045	\$1,701,594	\$5,036,838
41		BALANCES PER COMPANY			\$ 6,837,666		1,713,976	
42		BALANCES PER RUO			\$6,760,695		\$1,701,594	
43		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**			\$26,995			
44		TOTAL ADJUSTMENTS			(\$103,965)		(\$12,382)	

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUO D.R. NO. 6-2

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.0515 PER RUO D.R. NO. 4.2

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE
& METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	\$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.0540
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 222,996
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	197,194
7	RUCO ADJUSTMENT TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	\$ 25,802

REFERENCES:
LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11
LINE 2: COMPANY SCHEDULE B-2 PAGE 10
LINE 3: LINE 1 + LINE 2
LINE 4: COMPANY SCHEDULE B-1 PAGE 1
LINE 5: LINE 3 x LINE 4
LINE 6: COMPANY SCHEDULE B-1 PAGE 1 (SUM OF LINES 6 AND 7)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	\$ 3,903,884	\$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	\$ 3,450,662	\$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	\$ 3,577,227	\$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.0540	0.0540	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	\$ 193,170	\$ 186,336	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		\$ (6,835)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

DOCKET NO. W-1445A-00-0962
SCHEDULE WAR-7
PAGE 1 OF 4

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	CASH WORKING CAPITAL PER COMPANY	\$ 30,159	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(37,212)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	<u>(67,371)</u>	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	9,277	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	10,143	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	<u>866</u>	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	15,418	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	13,074	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	<u>(2,344)</u>	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	26,913	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	22,597	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	<u>(4,316)</u>	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	<u>(73,165)</u>	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 2 OF 4

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	\$ DAYS
1	PURCHASED POWER	\$ 155,214	\$ (8,426)	\$ 146,788	44.35	\$ 6,510,048
2	PAYROLL	394,635	10,553	405,188	14.00	5,672,638
3	PURCHASED WATER	-	-	-	N/A	N/A
4	CHEMICALS	77,706	(64,504)	13,202	169.13	2,232,854
5	PROPERTY & LIABILITY INSURANCE	6,439	(78)	6,361	(45.27)	(287,942)
6	WORKER'S COMPENSATION	5,645	823	6,468	(46.50)	(300,745)
7	HEALTH INSURANCE	81,989	(6,840)	75,149	(8.92)	(670,325)
8	OTHER O&M EXPENSES	261,716	(84,943)	176,773	(9.27)	(1,638,681)
9	DEPRECIATION & AMORTIZATION	204,884	(67,944)	136,940	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	206,404	(68,632)	137,772	61.95	8,535,571
11	DEFERRED INCOME TAXES	13,171	N/A	N/A	N/A	N/A
12	FICA TAXES	31,452	(107)	31,345	14.00	438,830
13	FUTA & SUTA TAXES	690	47	737	83.10	61,245
14	PROPERTY TAXES	122,648	(20,784)	101,864	212.00	21,595,062
15	REG., CONTRACT, & MISCELLANEOUS FEES	32,761	1,974	34,735	(98.83)	(3,432,900)
16	SALES & OCCUPATION TAXES	120,724	7,131	127,855	41.30	5,280,412
17	PENSION EXPENSE	35,951	973	36,924	34.72	1,282,001
18	TOTAL	\$ 1,752,029	\$ (300,759)	\$ 1,438,099 *	31.48	\$ 45,278,068

NOTE

N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION

* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 3 OF 4

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	AVERAGE EXPENSE LAG	31.48	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	<u>22.04</u>	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(9.44)	LINE 2 - LINE 1
4	TOTAL EXPENSES	\$ 1,438,099	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(37,212)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	<u>\$ 30,159</u>	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ (67,371)</u>	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 4 OF 4

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS	
1	04/12/99	07/01/99	(80.00)	\$ 397,000	(31,760,000)	
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)	
3	09/14/99	07/01/99	75.00	486,000	36,450,000	
4	12/14/99	07/01/99	166.00	970,000	161,020,000	
5	03/14/00	07/01/99	257.00	<u>(240,000)</u>	<u>(61,680,000)</u>	
6	TOTALS			\$ 1,663,000	103,030,000	
7	INCOME TAX LAG		<table border="1"><tr><td>61.95</td></tr></table>	61.95		
61.95						

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
<u>REVENUES - WATER:</u>						
1	REVENUE FROM WATER SALES	\$ 1,456,939	\$ 56,639	\$ 1,513,578	\$ 237,179	\$ 1,750,757
2	OTHER REVENUES	0.00	-	0.00		0.00
3	TOTAL OPERATING REVENUES	\$ 1,456,939	\$ 56,639	\$ 1,513,578	\$ 237,179	\$ 1,750,757
<u>OPERATING EXPENSES:</u>						
2	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -	\$ -
3	OTHER	8,832	388	9,220		9,220
4	PURCHASED POWER	151,322	(6,363)	144,959		144,959
5	PURCHASED GAS	-	22	22		22
6	OTHER	97,770	29,558	127,328		127,328
7	WATER TREATMENT	95,544	(52,550)	42,994		42,994
8	TRANSMISSION & DISTRIBUTION	263,028	21,449	284,477		284,477
9	CUSTOMER ACCOUNTS	190,636	268	190,904		190,904
10	SALES	1,311	53	1,364		1,364
11	ADMINISTRATIVE & GENERAL	246,728	(18,554)	228,174		228,174
12	DEPRECIATION & AMORTIZATION	204,884	(67,944)	136,940		136,940
13	PROPERTY TAXES	121,044	(19,180)	101,864		101,864
14	OTHER TAXES	28,957	3,125	32,082		32,082
15	INCOME TAXES	(13,108)	59,102	45,994	91,778	137,772
16	TOTAL OPERATING EXPENSES	\$ 1,396,948	\$ (50,626)	\$ 1,346,322	\$ 91,778	\$ 1,438,099
17	NET INCOME	<u>\$ 59,991</u>	<u>\$ 107,265</u>	<u>\$ 167,256</u>	<u>\$ 145,402</u>	<u>\$ 312,658</u>

REFERENCES:
COLUMN (A): CO. SCH. C-1, PG. 3
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
REVENUES - WATER:														
1	REVENUE FROM WATER SALES	\$ 1,456,939	\$ 154,976	\$ (127,855)	\$ 14,067	\$ 24,919	\$ (8,571)		\$ (897)					\$ 1,513,578
2	OTHER REVENUES													
3	TOTAL OPERATING REVENUES	\$ 1,456,939	\$ 154,976	\$ (127,855)	\$ 14,067	\$ 24,919	\$ (8,571)	\$ -	\$ (897)	\$ -	\$ -	\$ -	\$ -	\$ 1,513,578
OPERATING EXPENSES:														
2	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	OTHER	8,832	388											9,220
4	PURCHASED POWER	151,322	(4,556)			(357)	(1,420)							144,959
5	PURCHASED GAS	-	22											22
6	OTHER	97,770	29,558											127,328
7	WATER TREATMENT	95,544	(52,410)				(140)							42,994
8	TRANSMISSION & DISTRIBUTION	263,028	22,037			(588)								284,477
9	CUSTOMER ACCOUNTS	190,636	268											190,904
10	SALES	1,311	53											1,364
11	ADMINISTRATIVE & GENERAL	246,728	(24,551)	(3,157)			(964)	10,118						228,174
12	DEPRECIATION & AMORTIZATION	204,884								(67,944)				136,940
13	PROPERTY TAXES	121,044									(19,180)			101,864
14	OTHER TAXES	28,957	127,823	(124,698)										32,082
15	INCOME TAXES	(13,108)										59,102		45,994
16	TOTAL OPERATING EXPENSES	\$ 1,396,948	\$ 98,632	\$ (127,855)	\$ -	\$ (975)	\$ (2,524)	\$ 10,118	\$ -	\$ (67,944)	\$ (19,180)	\$ 59,102	\$ -	\$ 1,346,322
17	NET INCOME	\$ 59,991	\$ 56,344	\$ -	\$ 14,067	\$ 25,894	\$ (6,047)	\$ (10,118)	\$ (897)	\$ 67,944	\$ 19,180	\$ (59,102)	\$ -	\$ 167,256

ADJUSTMENT #:

1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES
3. ELIMINATE PPAM AND PWAM REVENUES
4. ELIMINATE UNBILLED REVENUES & EXPENSES
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES
6. AMORTIZATION OF RATE CASE EXPENSE

ADJUSTMENT #:

7. REMOVE MAP SURCHARGE REVENUES
8. DEPRECIATION & AMORTIZATION EXPENSE
9. PROPERTY TAX EXPENSE
10. INCOME TAX EXPENSE
11. NOT USED

ADJUSTMENT #:

1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES
3. ELIMINATE PPAM AND PWAM REVENUES
4. ELIMINATE UNBILLED REVENUES & EXPENSES
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES
6. AMORTIZATION OF RATE CASE EXPENSE

ADJUSTMENT #:

7. REMOVE MAP SURCHARGE REVENUES
8. DEPRECIATION & AMORTIZATION EXPENSE
9. PROPERTY TAX EXPENSE
10. INCOME TAX EXPENSE
11. NOT USED

REFERENCE:
TESTIMONY WAR
SCHEDULE WAR-12
SCHEDULE WAR-13
SCHEDULE WAR-14
N/A

REFERENCE:
RUCO D.R. NO. 1.10
RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO. REL 19-1
RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2
RUCO D.R. NO. 7.3
RUCO D.R. NO. 6.6
COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR

REFERENCE:
TESTIMONY WAR
SCHEDULE WAR-12
SCHEDULE WAR-13
SCHEDULE WAR-14
N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
<u>REVENUES - WATER:</u>					
1	REVENUE FROM WATER SALES	\$ 1,456,939	\$ 1,611,915	\$ 1,456,939	\$ 154,976
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 1,456,939	\$ 1,611,915	\$ 1,456,939	\$ 154,976
<u>OPERATING EXPENSES:</u>					
4	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -
5	OTHER	8,832	9,220	8,832	388
6	PURCHASED POWER	151,322	146,766	151,322	(4,556)
7	PURCHASED GAS	-	22	-	22
8	OTHER	97,770	127,328	97,770	29,558
9	WATER TREATMENT	95,544	43,134	95,544	(52,410)
10	TRANSMISSION & DISTRIBUTION	263,028	285,065	263,028	22,037
11	CUSTOMER ACCOUNTS	190,636	190,904	190,636	268
12	SALES	1,311	1,364	1,311	53
13	ADMINISTRATIVE & GENERAL	246,728	222,177	246,728	(24,551)
14	DEPRECIATION & AMORTIZATION	204,884	166,150	204,884	- (a)
15	PROPERTY TAXES	121,044	102,755	121,044	- (a)
16	OTHER TAXES	28,957	156,780	28,957	127,823
17	INCOME TAXES	(13,108)	42,585	(13,108)	- (a)
18	TOTAL OPERATING EXPENSES	\$ 1,396,948	\$ 1,494,250	\$ 1,396,948	\$ 98,632
19	NET INCOME	\$ 59,991	\$ 117,665	\$ 59,991	\$ 56,344

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 3 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:

(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 2 OF 2

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
	<u>REVENUES - WATER:</u>			
1	REVENUE FROM WATER SALES	\$ 1,577,658	\$ 1,611,915	\$ 34,257
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 1,577,658	\$ 1,611,915	\$ 34,257
	<u>OPERATING EXPENSES:</u>			
4	PURCHASED WATER	\$ -	\$ -	\$ -
5	OTHER	8,838	9,220	382
6	PURCHASED POWER	150,420	146,766	(3,654)
7	PURCHASED GAS	-	22	22
8	OTHER	97,770	127,328	29,558
9	WATER TREATMENT	24,368	43,134	18,766
10	TRANSMISSION & DISTRIBUTION	236,363	285,065	48,702
11	CUSTOMER ACCOUNTS	189,374	190,904	1,530
12	SALES	1,311	1,364	53
13	ADMINISTRATIVE & GENERAL	211,602	222,177	10,575
14	DEPRECIATION & AMORTIZATION	158,782	166,150	7,368
15	PROPERTY TAXES	111,042	102,755	(8,287)
16	OTHER TAXES	148,797	156,780	7,983
17	INCOME TAXES	70,648	42,585	(28,063)
18	TOTAL OPERATING EXPENSES	1,409,315	1,494,250	84,935
19	NET INCOME	<u>\$ 168,343</u>	<u>\$ 117,665</u>	<u>\$ (50,678)</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 3 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-11

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010
2	2002 CUSTOMERS	3,031	3,018	3,013	3,018	3,021	3,028	3,037	3,025	3,031	3,043	3,030	3,010
3	INCREASE IN CUSTOMERS - 2002	(21)	(8)	(3)	(8)	(11)	(18)	(27)	(15)	(21)	(33)	(20)	-
4	AVERAGE REVENUE FOR THE MONTH	\$ 35.27	\$ 35.96	\$ 37.46	\$ 39.45	\$ 46.21	\$ 52.63	\$ 56.04	\$ 56.92	\$ 52.01	\$ 44.13	\$ 37.19	\$ 27.40
5	INCREASE IN REVENUES	\$ (741)	\$ (288)	\$ (112)	\$ (316)	\$ (508)	\$ (947)	\$ (1,513)	\$ (854)	\$ (1,092)	\$ (1,456)	\$ (744)	\$ -
6	TOTAL INCREASE IN REVENUE	\$ (8,571)											
7	INCREASE IN REVENUE PER COMPANY												
8	REVENUE ADJUSTMENT	(8,571)											
9	GALLONS SOLD PER AVERAGE CUSTOMER	6,325	6,817	7,105	7,614	9,523	11,399	12,486	12,738	11,189	8,854	7,002	6,522
10	INCREASE IN CUSTOMERS	(21)	(8)	(3)	(8)	(11)	(18)	(27)	(15)	(21)	(33)	(20)	0
11	INCREASE IN GALLONS	(132,831)	(54,535)	(21,314)	(60,914)	(104,756)	(205,188)	(337,112)	(191,083)	(234,959)	(292,181)	(140,038)	0
12	TOTAL INCREASE IN GALLONS	(1,774,891)											
13	PUMPING COST PER GALLON	0.0008											
14	INCREASE IN PUMPING COST	(1,420)											
15	WATER TREATMENT COSTS PER GALLON	0.000079											
16	INCREASE IN WATER TREATMENT COSTS	(140)											
17	TOTAL INCREASE IN BILLS	(185)											
18	MONTHLY ACCOUNTING COST PER BILL	5.21											
19	INCREASE IN ACCOUNTING COST	(964)											

REFERENCES:

LINE #1 - RUCO DATA REQUEST #6.6
LINE #2 - RUCO DATA REQUEST #6.6
LINE #3 - LINE #1 MINUS LINE #2
LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
LINE #5 = LINE #3 MULTIPLIED BY LINE #4
LINE #6 = SUMMATION OF LINE #5
LINE #7 - NO REFERENCE
LINE #8 - LINE #6 MINUS LINE #7
LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6
LINE #10 = LINE #3
LINE #11 = LINE #9 MULTIPLIED BY LINE #10
LINE #12 = SUMMATION OF LINE #11
LINE #13 - CO. W/P C2-5, PAGE 3
LINE #14 = LINE #12 X LINE #13
LINE #15 - CO. W/P C2-5, PAGE 3
LINE #16 = LINE #12 MULTIPLIED BY LINE #15
LINE #17 = SUMMATION OF LINE #3
LINE #18 - CO. W/P C2-5, PAGE 4
LINE #19 = LINE #17 X LINE #18

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	\$ -	\$ -	\$0	0.00%	\$ -
2	302.0	INTANGIBLES: FRANCHISES*	1,225	-	1,225	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	328,531	-	328,531	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	-	-	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	62,425	-	62,425	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	1,133,176	2	1,133,178	2.59%	29,349
8	320.0	PUMPING PLANT: LAND*	4,723	-	4,723	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	32,391	(1)	32,390	2.59%	839
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	863,472	2	863,474	2.59%	22,364
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	163	(1)	162	2.59%	4
12	330.0	WATER TREATMENT PLANT: LAND*	550	-	550	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	19,640	-	19,640	2.59%	509
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	61,624	-	61,624	2.59%	1,596
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	5,835	-	5,835	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	424,176	-	424,176	2.59%	10,986
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	1,957,169	1	1,957,170	2.59%	50,691
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	29,580	-	29,580	2.59%	766
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	664,496	(1)	664,495	2.59%	17,210
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	202,443	2	202,445	2.59%	5,243
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	143,406	-	143,406	2.59%	3,714
24	389.1	GENERAL PLANT: LAND - OFFICE*	424	-	424	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	2,471	-	2,471	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*	(81)	-	(81)	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	31,539	-	31,539	2.59%	817
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	26,183	2	26,185	2.59%	678
29	390.3	GENERAL PLANT: MISC. BUILDINGS	21,924	-	21,924	2.59%	568
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	14,565	-	14,565	2.59%	377
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	42,719	3	42,722	2.59%	1,106
32	391.2	GENERAL PLANT: OFFICE FURNITURE	18,315	-	18,315	2.59%	474
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	4,509	-	4,509	2.59%	117
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	74,593	(1)	74,592	2.59%	1,932
35	395.0	GENERAL PLANT: LAB EQUIPMENT	2,066	-	2,066	2.59%	54
36	396.0	GENERAL PLANT: POWER EQUIPMENT	3,898	-	3,898	2.59%	101
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	92,613	-	92,613	2.59%	2,399
38	397.1	GENERAL PLANT: MOBILE RADIOS	14,126	(1)	14,125	2.59%	366
39	397.2	GENERAL PLANT: AUTO CONTROLS	29,734	-	29,734	2.59%	770
40	398.0	GENERAL PLANT: MISC.	22,062	-	22,062	2.59%	571
41							
42		TEST YEAR TOTALS	\$ 6,336,685	\$ 7	\$ 6,336,692		\$ 153,602
43							
44		POST TEST YEAR ADDITIONS	500,981	(103,972)	\$397,008	2.59%	10,283
45							
46		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	216,161	26,624	242,785 **	2.59%	6,288
47							
48		2002 TOTALS	\$ 7,053,827	\$ (77,342)	\$ 6,976,485		\$ 170,173
49							
50		LESS:					
51		AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ***					5,233
52							
53		LESS:					
54							
55							
56		TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE					\$ 136,940
57							
58		DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY					204,884
59							
60		DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 56 - LINE 58)					\$ (67,944)

REFERENCES:

COLUMN (A): COMPANY SCHEDULE E-5 PAGE 2 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:

* NON-DEPRECIABLE PLANT ASSETS
** NET OF \$372 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS (\$7,215 x 0.0515 ALLOCATION FACTOR FOR 2002 = \$372)
*** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = \$202,054 x 2.59% = \$5,233
**** \$700,000 ÷ 25 YEARS = \$28,000

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2001
 MIAMI SYSTEM
 OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
 SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	\$ 1,522,007	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	1,456,934	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	<u>1,484,061</u>	D. R. NO. REL 19-1
4	TOTAL	\$ 4,463,002	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	1,487,667	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	<u>x 2</u>	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	2,975,335	LINE 5 X 2 (MULTIPLIER FOR REVENUES
8	ADD: 10% OF CWIP BALANCE	(2)	COMPANY SCH. B-2, PG. 5; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	<u>-</u>	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	2,975,333	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	<u>25%</u>	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	743,833	LINE 10 X LINE 11
13	PROPERTY TAX RATE	<u>13.6944%</u>	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	101,864	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	<u>121,044</u>	COMPANY SCH. C-1, PG. 3
16	ADJUSTMENT	<u>(19,180)</u>	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	<u>FEDERAL INCOME TAXES:</u>		
1	OPERATING INCOME BEFORE INCOME TAXES	\$ 213,251	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	8,313	LINE 11
3	INTEREST EXPENSE	<u>93,945</u>	NOTE (a)
4	FEDERAL TAXABLE INCOME	110,992	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	<u>33.95%</u>	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	37,681	LINE 4 X LINE 5
	<u>STATE INCOME TAXES:</u>		
7	OPERATING INCOME BEFORE INCOME TAXES	213,251	LINE 1
	LESS:		
8	INTEREST EXPENSE	<u>93,945</u>	NOTE (A)
9	STATE TAXABLE INCOME	119,305	LINE 7 - LINE 8
10	STATE TAX RATE	<u>6.968%</u>	TAX RATE
11	STATE INCOME TAX EXPENSE	8,313	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	45,994	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	<u>(13,108)</u>	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	<u>\$ 59,102</u>	LINE 12 - LINE 13

NOTE (a):

INTEREST SYNCHRONIZATION

ADJUSTED RATE BASE	\$ 3,600,871
WEIGHTED COST OF DEBT	<u>2.61%</u>
INTEREST EXPENSE	\$ 93,945

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	\$ 2,850,000	\$ 1,650,000	\$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	\$ 75,293,415	4,723,039	\$ 80,016,454	100.00%		8.68%

REFERENCES:

COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
SUPERIOR SYSTEM
DOCKET NO. W-1445A-02-0619
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WAR - 2	RATE BASE - ORIGINAL COST
WAR - 3	SUMMARY OF RATE BASE ADJUSTMENTS
WAR - 4	RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION
WAR - 5	RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES
WAR - 6	RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
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ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	\$ 2,673,576	\$ 2,471,297
2	ADJUSTED OPERATING INCOME	(6,905)	40,357
3	CURRENT RATE OF RETURN (L2 / L1)	-0.26%	1.63%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	294,093	214,579
6	OPERATING INCOME DEFICIENCY (L5 - L2)	300,998	174,222
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.5697
8	GROSS REVENUE INCREASE	\$ 491,353	\$ 273,481
9	CURRENT REVENUES T/Y ADJUSTED	698,968	707,413
10	PROPOSED ANNUAL REVENUE (L8 + L9)	1,190,321	980,894
11	PERCENTAGE AVERAGE INCREASE	70.30%	38.66%

REFERENCES:

COLUMN (A): COMPANY SCHEDULE A-1

COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
GROSS REVENUE CONVERSION FACTOR

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 2 OF 2

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	<u>0.002316</u>	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	36.06%	NOTE (a)
5	TOTAL	0.6371	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	1.56973	LINE 1/LINE 5

NOTE (a):
CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	<u>6.97%</u>
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	<u>31.36%</u>
SUBTOTAL	29.18%
ADD STATE TAX RATE	36.15%
LINE 3 ABOVE	<u>99.77%</u>
EFFECTIVE TAX RATE	36.06%

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2001
 SUPERIOR SYSTEM
 RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
 SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$ 4,327,525	\$ (55,250)	\$ 4,272,275
2	PHOENIX OFFICE & METER SHOP ALLOCATION	91,658	21,240	112,898
3	ACCUMULATED DEPRECIATION	<u>(986,086)</u>	<u>(63,277)</u>	<u>(1,049,363)</u>
4	NET PLANT IN SERVICE	\$ 3,433,097	\$ (97,287)	\$ 3,335,810
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	<u>-</u>	<u>-</u>	<u>-</u>
6	TOTAL NET PLANT	\$ 3,433,097	\$ (97,287)	\$ 3,335,810
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(384,759)	1,718	(383,041)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(82,088)	-	(82,088)
9	ACCUMULATED AMORTIZATION OF CIAC	11,961	2,126	14,087
10	DEFERRED INCOME TAXES	(332,521)	(70,880)	(403,401)
11	WORKING CAPITAL	<u>27,886</u>	<u>(37,956)</u>	<u>(10,070)</u>
12	TOTAL RATE BASE	<u>\$ 2,673,576</u>	<u>\$ (202,279)</u>	<u>\$ 2,471,297</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE B-1

COLUMN (B): SCHEDULE WAR-3

COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	\$ 4,327,525	(\$55,250)			11,984	(3,177)							\$ 4,272,275
2	PHOENIX OFFICE & METER SHOP ALLOCATION	91,688	(a)	12,423	(b)	11,984								112,898
3	ACCUMULATED DEPRECIATION	(986,088)			(51,283)	(c)								(1,049,363)
4	NET PLANT IN SERVICE	\$ 3,433,097	\$ (55,250)	\$ 12,423	\$ (51,283)	\$	\$ (3,177)	\$	\$	\$	\$	\$	\$	\$ 3,335,810
5	CONSTRUCTION WORK IN PROGRESS (CWIP)													
6	TOTAL NET PLANT	\$ 3,433,097	\$ (55,250)	\$ 12,423	\$ (51,283)	\$	\$ (3,177)	\$	\$	\$	\$	\$	\$	\$ 3,335,810
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(384,759)					1,718							(383,041)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(82,088)							2,128					(82,088)
9	ACCUMULATED AMORTIZATION OF CIAC	11,961								(70,880)				14,087
10	DEFERRED INCOME TAXES	(332,521)									(37,956)			(403,401)
11	WORKING CAPITAL	27,866												(10,070)
12	TOTAL RATE BASE	\$ 2,873,576	\$ (55,250)	\$ 12,423	\$ (51,283)	\$	\$ (3,177)	\$ 1,718	\$ 2,128	\$ (70,880)	\$ (37,956)	\$	\$	\$ 2,471,297

REFERENCE:
RUO D.R. NO. 6.3, TESTIMONY - WAR
RUO D.R. NO. 6.3
SCHEDULE WAR-7, PAGE 3
N/A
N/A

ADJUSTMENT #:
7. CIAC - 2002 BAL. & AMORTIZATION
8. ACCUMULATED DEFERRED INCOME TAXES
9. WORKING CAPITAL
10. NOT USED
11. NOT USED

REFERENCE:
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR-5
SCHEDULE WAR-6
RUO D.R. NO. 6.3

ADJUSTMENT #:
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS
2. PHOENIX OFFICE & METER SHOP ALLOCATION
3. ACCUMULATED DEPRECIATION
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
6. AIAC - 2002 BALANCE

NOTES:
(a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM. DEPR. PER COMPANY	1990 NET PLANT PER PRIOR ACC PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUO	1991 DEPRECIATION EXPENSE PER RUO	1991 ACCUMULATED DEPRECIATION PER RUO	1991 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	4,209	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	20,194	0	20,194	0	0	20,194	0	0	20,194
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	13,752	0	13,752	0	0	13,752	0	0	13,752
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	74,013	12,214	61,799	0	0	74,013	1,791	14,005	60,008
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	0	0	0	0	0	0	0
8	320.0	PUMPING PLANT: LAND*	33,261	5,489	27,772	15,785	0	33,261	8,106	62,082	28,967
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	327,070	53,976	273,094	0	0	342,855	0	0	290,773
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	0	0	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	848	140	708	0	0	848	0	160	688
12	330.0	WATER TREATMENT PLANT: LAND*	38,655	6,379	32,276	618	0	39,273	943	7,322	31,951
13	331.0	WATER TREATMENT PLANT: EQUIPMENT	1,975	0	1,975	0	0	1,975	0	0	1,975
14	332.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	0	0	0	0	0	0	0
15	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: STRUCTURES	142,702	23,550	119,152	15,654	(471)	157,885	3,637	26,716	131,169
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,022,325	168,712	853,613	46,420	(2,567)	1,066,178	25,271	191,416	874,762
18	342.0	TRANSMISSION & DISTRIBUTION: MAINS	970	180	810	0	0	970	23	184	786
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	221,072	36,483	184,589	13,141	(1,785)	232,428	5,487	40,185	192,243
20	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	87,377	14,420	72,957	182	0	87,559	2,117	16,536	71,023
21	345.0	TRANSMISSION & DISTRIBUTION: METERS	35,764	5,902	29,862	1,964	(1,684)	36,044	869	5,087	30,957
22	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	0	0	0	0	0	0	0
23	348.0	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0
24	389.1	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: OFFICE BUILDINGS	23,713	3,913	19,800	0	0	23,713	574	4,487	19,226
26	390.1	GENERAL PLANT: WAREHOUSE BUILDINGS	3,916	646	3,270	0	0	3,916	95	741	3,175
27	390.2	GENERAL PLANT: MISC. BUILDINGS	1,730	285	1,445	0	0	1,730	42	327	1,403
28	390.3	GENERAL PLANT: ELECTRICAL EQUIPMENT	6,410	1,058	5,352	0	0	6,410	155	1,213	5,197
29	391.0	GENERAL PLANT: OFFICE FURNITURE	7,585	1,262	6,323	241	0	7,826	1,438	1,438	6,388
30	391.1	GENERAL PLANT: WAREHOUSE EQUIPMENT	4,600	759	3,841	953	0	5,553	123	882	4,671
31	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	0	0	0	0	0	0	0
32	391.3	GENERAL PLANT: WAREHOUSE EQUIPMENT	28,304	4,671	23,633	0	0	28,304	685	5,356	22,948
33	393.0	GENERAL PLANT: GARAGE EQUIPMENT	3,725	615	3,110	0	0	3,725	90	705	3,020
34	394.0	GENERAL PLANT: LAB EQUIPMENT	129	21	108	0	0	129	24	105	105
35	395.0	GENERAL PLANT: POWER EQUIPMENT	15,825	2,512	13,313	1,465	0	17,290	401	3,012	14,278
36	396.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	7,178	1,185	5,993	0	0	7,178	174	1,356	5,820
37	397.0	GENERAL PLANT: MOBILE RADIOS	257	1,259	1,002	0	0	1,556	38	294	1,262
38	397.1	GENERAL PLANT: AUTO CONTROLS	2,268	1,894	374	0	0	2,268	429	1,839	1,839
39	397.2	GENERAL PLANT: MISC.	\$2,131,126	\$345,072	\$1,786,054	\$96,423	(\$6,507)	\$2,221,042	\$51,690	\$390,255	\$1,830,787
40	398.0	TOTALS									

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUO	1992 DEPRECIATION EXPENSE PER RUO	1992 ACCUMULATED DEPRECIATION PER RUO	1992 YEAR END NET PLANT PER RUO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUO	1993 DEPRECIATION EXPENSE PER RUO	1993 ACCUMULATED DEPRECIATION PER RUO	1993 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY LAND - WATER RIGHTS*	0	0	20,194	0	0	20,194	899	0	21,003	0	0	21,003
5	310.2	SOURCE OF SUPPLY LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY LAND - WELLS*	0	0	74,013	1,791	15,796	74,219	208	0	74,219	1,920	17,716	56,503
8	320.0	LAND RIGHTS - IMPROVEMENTS	0	0	33,261	805	7,099	33,261	0	0	33,261	861	7,960	25,301
9	321.0	LAND RIGHTS - IMPROVEMENTS	0	0	347,590	8,358	70,440	367,789	20,444	(585)	367,789	9,269	79,124	288,665
10	328.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	5,075	0	0	0	0	0	0	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	848	0	0	848	0	0	848	0	0	848
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	14,625	0	53,698	1,127	8,449	60,666	12,113	(5,345)	60,666	1,484	4,588	56,078
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	1,975	0	0	1,975	0	0	1,975	0	0	1,975
15	340.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	157,885	3,821	30,537	157,885	0	0	157,885	4,089	34,626	123,259
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	1,107,367	26,300	217,027	890,340	20,484	(234)	1,127,617	28,943	245,736	881,881
18	342.0	TRANSMISSION & DISTRIBUTION: MAINS	41,878	(689)	970	23	207	890,340	0	0	890,340	25	232	738
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	264,319	6,011	43,341	220,978	19,628	(1,556)	262,291	7,080	48,865	233,526
20	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	34,746	(2,855)	92,892	2,183	16,263	76,629	313	(1,544)	92,091	2,396	17,344	74,747
21	345.0	TRANSMISSION & DISTRIBUTION: MISC.*	7,790	(2,457)	37,905	895	5,982	31,923	4,246	(939)	41,754	1,032	6,614	35,140
22	346.0	TRANSMISSION & DISTRIBUTION: HYDRAULICS	1,861	0	0	0	0	0	0	0	0	0	0	0
23	348.0	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: OFFICE BUILDINGS	0	0	23,713	574	5,085	18,652	0	0	23,713	614	5,675	18,038
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	3,918	95	836	3,080	137	0	4,053	103	939	3,114
28	390.2	GENERAL PLANT: MISC. BUILDINGS	0	0	1,790	42	369	1,361	0	0	1,790	45	414	1,316
29	391.0	GENERAL PLANT: MISC. BUILDINGS	0	0	6,410	150	1,368	5,042	0	0	6,410	166	1,534	4,876
30	391.1	GENERAL PLANT: OFFICE EQUIPMENT	2,601	0	10,427	221	1,859	8,768	710	0	11,137	279	1,938	9,199
31	391.2	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	5,355	134	1,016	4,537	470	0	6,023	150	1,166	4,867
32	391.2	GENERAL PLANT: OFFICE FURNITURE	59	0	59	1	58	59	0	0	59	2	2	57
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	3,908	0	32,212	792	6,088	26,124	1,118	0	33,390	849	6,937	26,393
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	3,725	90	795	2,930	0	0	3,725	96	851	2,834
35	395.0	GENERAL PLANT: LAB EQUIPMENT	5,131	0	5,260	65	90	5,170	0	0	5,260	136	226	5,034
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	17,290	418	3,431	13,859	0	0	17,290	136	3,878	13,412
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	100	0	7,278	175	1,533	5,745	356	0	7,634	193	1,726	5,908
38	397.1	GENERAL PLANT: MOBILE RADIOS	16,509	0	16,065	237	532	17,533	15,323	0	32,856	666	1,188	32,190
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	0	0	0	0	0	0	0	0	0	0
40	398.0	GENERAL PLANT: MISC.	\$134,283	(35,001)	\$2,349,324	\$54,330	\$38,584	\$1,910,740	\$96,559	(59,435)	\$2,436,450	\$90,926	\$490,077	\$1,946,373
41		TOTALS												

REFERENCE:
ACC STAFF D R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION, AND ACCUMULATED DEPRECIATION

LINE	ACCT.	NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUO	1994 DEPRECIATION EXPENSE PER RUO	1994 ACCUMULATED DEPRECIATION PER RUO	1994 YEAR END NET PLANT PER RUO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUO	1995 DEPRECIATION EXPENSE PER RUO	1995 ACCUMULATED DEPRECIATION PER RUO	1995 YEAR END NET PLANT PER RUO
1	301.0	0	INTANGIBLES ORGANIZATION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	0	INTANGIBLES FRANCHISES	0	0	4,209	0	0	4,209	0	0	0	0	0	4,209
3	303.0	0	INTANGIBLES MISC.	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	0	SOURCE OF SUPPLY: LAND - WATER RIGHTS	222	0	21,225	0	0	22,101	0	0	0	0	0	22,101
5	310.2	0	SOURCE OF SUPPLY: LAND - RESERVOIRS	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	0	SOURCE OF SUPPLY: LAND - WELLS	523	0	13,752	0	0	13,752	0	0	0	0	0	13,752
7	310.4	0	SOURCE OF SUPPLY: LAND - WELLS	0	0	74,742	0	0	74,742	0	0	0	0	0	74,742
8	320.0	0	PUMPING PLANT: LAND	0	0	33,261	0	0	33,261	0	0	0	0	0	33,261
9	321.0	0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	13,226	0	375,000	9,819	82,128	292,872	14,554	(1,116)	46,899	10,228	90,990	373,797
10	325.0	0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	(6,515)	0	0	0	0	41,153	(1,266)	414,767	0	0	414,767
11	328.0	0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	0	WATER TREATMENT PLANT: LAND	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	62,190	1,591	6,179	56,011	81,866	(23,831)	120,225	2,362	(15,290)	135,515
14	332.0	0	WATER TREATMENT PLANT: EQUIPMENT	1,524	0	1,975	0	0	1,975	0	0	0	0	0	1,975
15	340.0	0	TRANSMISSION & DISTRIBUTION: LAND	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	157,985	4,082	38,715	119,170	1,547	0	158,432	4,109	42,824	118,608
19	343.0	0	TRANSMISSION & DISTRIBUTION: MAINS	0	(1,051)	1,206,474	30,228	274,911	931,563	21,558	(1,197)	1,228,733	31,510	305,224	921,509
20	344.0	0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	79,908	0	0	0	257	713	0	0	0	0	0	713
21	345.0	0	TRANSMISSION & DISTRIBUTION: SERVICES	24,395	(1,432)	305,352	7,811	55,042	250,310	42,854	(2,439)	345,567	8,425	61,033	284,534
22	346.0	0	TRANSMISSION & DISTRIBUTION: METERS	0	0	92,091	2,385	19,729	72,362	4,327	(1,080)	95,382	2,427	21,077	74,261
23	348.0	0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	(899)	40,855	1,070	6,785	34,070	3,371	(358)	40,855	1,097	7,523	38,344
24	389.1	0	GENERAL PLANT: LAND - OFFICE	10,560	(574)	9,986	0	(574)	10,560	0	0	0	0	(574)	10,560
25	389.2	0	GENERAL PLANT: LAND - WAREHOUSE	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	0	GENERAL PLANT: LAND - MISC.	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	0	GENERAL PLANT: OFFICE BUILDINGS	0	0	23,713	614	6,284	17,429	1,609	(13,004)	12,318	467	(6,248)	18,566
28	390.2	0	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	4,053	105	1,054	4,053	0	0	4,053	105	1,149	2,904
29	390.3	0	GENERAL PLANT: MISC. BUILDINGS	0	0	1,730	459	459	1,271	0	0	1,730	45	504	2,225
30	391.0	0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	6,410	186	1,700	4,710	0	0	6,410	168	1,863	4,544
31	391.1	0	GENERAL PLANT: ELECTRICAL EQUIPMENT	2,341	0	13,718	319	2,257	11,221	21,381	0	34,859	625	2,883	31,978
32	391.2	0	GENERAL PLANT: OFFICE FURNITURE	0	0	8,023	156	1,322	4,701	0	0	6,023	158	1,478	4,545
33	393.0	0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	59	2	4	55	0	0	59	2	5	54
34	394.0	0	GENERAL PLANT: GARAGE EQUIPMENT	1,212	(1,254)	33,288	863	6,548	26,742	4,733	(4,416)	33,698	868	2,997	30,809
35	395.0	0	GENERAL PLANT: LAB EQUIPMENT	0	0	3,725	96	988	2,737	0	0	3,725	96	1,084	2,841
36	396.0	0	GENERAL PLANT: POWER EQUIPMENT	0	0	5,260	136	362	4,898	0	0	5,260	136	488	4,762
37	397.0	0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	17,290	448	4,328	12,962	0	0	17,290	448	4,774	12,516
38	397.1	0	GENERAL PLANT: MOBILE PHONES	38	0	7,672	196	1,963	5,747	66	0	7,738	200	2,124	5,614
39	397.2	0	GENERAL PLANT: MOBILE PHONES CONTROLS	0	0	33,388	865	2,928	33,388	0	0	33,388	865	2,928	30,460
40	398.0	0	GENERAL PLANT: MISC.	0	(820)	1,448	0	(228)	1,448	438	(1,001)	1,786	42	(237)	30,460
41	TOTALS			\$134,549	(\$12,847)	\$2,558,352	\$53,490	\$540,920	\$2,016,032	\$240,031	(\$48,907)	\$2,749,478	\$87,400	\$559,414	\$2,190,064

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR STATISTICS 41, 42 & 43 - PLANT IN SERVICE/POST TEST YEAR PLANT,
BASE DEPRECIATION, RETIREMENTS, ADDITIONS AND ACCUMULATED DEPRECIATION
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 (RETIREMENTS) PER COMPANY	1996 YEAR END PLANT VALUE PER RUO	1996 DEPRECIATION EXPENSE PER RUO	1996 ACCUMULATED DEPRECIATION PER RUO	1996 YEAR END NET PLANT PER RUO	1997 ADDITIONS PER COMPANY	1997 (RETIREMENTS) PER COMPANY	1997 YEAR END PLANT VALUE PER RUO	1997 DEPRECIATION EXPENSE PER RUO	1997 ACCUMULATED DEPRECIATION PER RUO	1997 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS	289	0	22,400	0	0	22,400	66	0	22,466	0	0	22,466
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS	78,874	(18,561)	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: LAND - WELLS	0	0	135,055	2,717	5,737	135,055	0	0	135,055	3,498	9,235	125,820
8	321.0	PUMPING PLANT: LAND	0	0	46,699	0	9,851	36,748	0	0	36,748	0	0	36,748
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	96,473	0	501,897	1,210	93,881	408,399	12,636	0	514,523	1,210	11,160	35,539
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND	0	0	848	0	269	579	0	0	848	0	0	557
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	120,833	3,120	(12,170)	132,853	153	0	120,836	3,128	(9,042)	123,878
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	458	0	1,975	0	0	1,975	0	0	1,975	0	0	1,975
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS	0	0	0	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	15,650	0	175,082	4,332	47,158	127,926	0	0	175,082	4,535	51,691	123,391
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	180,400	(24,392)	1,382,741	33,334	314,368	1,048,375	74,860	(2,810)	1,433,991	36,231	347,988	1,087,005
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	970	25	308	862	0	0	970	25	333	837
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	13,033	(524)	358,076	9,112	69,621	288,455	28,026	(682)	385,440	9,629	78,587	306,853
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	0	(186)	95,152	2,487	23,358	96,339	2,481	(234)	96,339	2,481	25,804	70,795
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	3,768	(2,345)	43,290	1,155	6,330	38,957	1,557	(411)	46,436	1,188	7,110	39,326
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	9,966	0	(374)	10,350	0	0	9,966	0	0	10,560
24	388.1	GENERAL PLANT: LAND - OFFICE	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.	0	0	12,318	319	(5,929)	18,247	0	0	12,318	319	(5,610)	17,928
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	416	0	4,465	110	1,259	3,206	0	0	4,465	116	1,355	3,095
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	1,730	45	548	1,182	0	0	1,730	166	513	1,137
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	8,410	168	2,032	4,378	0	0	8,410	168	2,184	4,212
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	984	(5,354)	30,459	846	(1,625)	32,084	0	0	30,459	789	(836)	31,295
31	391.1	GENERAL PLANT: OFFICE EQUIPMENT	211	0	6,234	159	1,637	4,597	0	0	6,234	161	1,786	4,436
32	391.2	GENERAL PLANT: ELECTRONIC EQUIPMENT	0	0	59	2	7	57	0	0	59	2	8	51
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	5,169	(37)	39,738	597	3,897	34,841	180	0	39,918	1,006	4,902	34,016
34	395.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	3,725	36	1,111	2,544	0	0	3,725	96	1,277	2,448
35	396.0	GENERAL PLANT: LAB EQUIPMENT	0	0	5,260	136	435	4,625	0	0	5,260	136	771	4,489
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	16,599	436	436	12,080	0	0	16,599	424	4,731	11,855
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	2,859	(944)	16,599	237	2,362	8,235	217	0	16,814	277	2,639	8,175
38	397.2	GENERAL PLANT: MOBILE RADIOS	862	0	33,384	865	3,792	29,596	0	0	33,384	865	4,857	28,531
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	2,408	54	(233)	2,175	0	0	2,408	62	1,171	1,237
40	398.0	TOTALS	\$73,160	(\$81,876)	\$3,066,960	\$73,972	\$51,710	\$2,492,819	\$119,198	(\$3,917)	\$3,182,259	\$73,571	\$67,384	\$2,534,855

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
*NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUO	1998 DEPRECIATION EXPENSE PER RUO	1998 ACCUMULATED DEPRECIATION PER RUO	1998 YEAR END NET PLANT PER RUO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUO	1999 DEPRECIATION EXPENSE PER RUO	1999 ACCUMULATED DEPRECIATION PER RUO	1999 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	81	0	22,567	0	0	23,315	748	0	23,315	0	0	23,315
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	135,055	3,498	12,733	135,055	0	0	135,055	3,498	16,231	118,824
8	320.0	PUMPING PLANT: LAND*	0	0	46,699	0	12,370	34,329	0	0	46,699	1,210	13,573	33,120
9	320.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	6,080	0	520,603	13,405	120,055	400,548	1,062	0	521,665	13,498	133,553	388,132
10	328.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	848	0	0	848	0	0	848	22	335	513
12	330.0	PUMPING PLANT: TREATMENT PLANT: LAND*	0	0	133,378	3,292	313	133,378	0	0	133,378	3,454	(2,296)	135,674
13	331.0	WATER TREATMENT PLANT: EQUIPMENT	12,542	0	1,975	0	(5,750)	1,975	0	0	1,975	0	0	1,975
14	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	0	0	0	0	0	0	0	0	0	0
15	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
16	340.2	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	175,082	4,535	56,226	118,856	0	0	175,082	4,535	60,780	114,302
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	35,479	(719)	1,468,751	37,616	384,484	1,084,267	105,395	(2,926)	1,572,220	38,394	421,351	1,150,869
18	342.0	TRANSMISSION & DISTRIBUTION: MAINS	0	0	970	25	368	612	22,145	(49)	433,314	10,937	98,132	334,182
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	26,438	(660)	411,218	10,317	88,244	322,974	16,482	(40)	56,894	2,488	29,388	67,496
20	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	0	0	95,262	2,482	26,949	68,313	0	0	95,262	1,492	9,842	55,997
21	345.0	TRANSMISSION & DISTRIBUTION: METERS	2,921	(1,137)	48,357	1,241	8,350	41,007	0	0	48,357	0	(574)	10,560
22	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	9,986	0	(574)	10,560	0	0	9,986	0	0	0
23	348.0	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
24	348.1	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
25	349.2	GENERAL PLANT: LAND - MISCELLANEOUS*	0	0	12,318	319	(5,291)	17,609	0	0	12,318	319	(4,972)	17,290
26	349.3	GENERAL PLANT: OFFICE BUILDINGS	0	0	4,465	116	1,491	4,465	0	0	4,465	116	1,806	2,859
27	350.1	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	1,730	45	638	2,974	0	0	1,730	45	683	1,047
28	350.2	GENERAL PLANT: MISCELLANEOUS BUILDINGS	0	0	1,730	166	2,364	4,046	0	0	1,730	166	2,530	3,880
29	350.3	GENERAL PLANT: OFFICE EQUIPMENT	3,603	0	34,862	836	(1)	34,063	7,187	0	41,249	975	975	40,274
30	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	6,234	161	1,960	4,274	0	0	6,234	161	2,121	4,113
31	391.1	GENERAL PLANT: OFFICE FURNITURE	0	0	59	2	10	49	0	0	59	2	11	48
32	391.2	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	39,231	1,012	5,914	33,317	221	0	39,452	1,019	6,933	32,519
33	393.0	GENERAL PLANT: GARAGE EQUIPMENT	313	0	3,725	96	1,374	2,351	0	0	3,725	96	1,470	2,255
34	394.0	GENERAL PLANT: LAB EQUIPMENT	0	0	5,260	136	907	4,353	0	0	5,260	136	1,043	4,217
35	395.0	GENERAL PLANT: POWER EQUIPMENT	0	0	16,386	424	5,155	11,231	0	0	16,386	424	5,579	10,807
36	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	890	0	11,644	291	2,950	9,714	0	0	11,644	302	3,231	8,413
37	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	33,388	865	5,522	27,863	0	0	33,388	865	6,387	2,401
38	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	2,408	62	(108)	2,408	0	0	2,408	62	(16)	2,452
39	398.0	GENERAL PLANT: MISC.	0	0	0	0	0	0	0	0	0	0	0	0
40	398.0	TOTALS	\$58,287	(\$2,516)	\$3,288,030	\$92,173	\$72,021	\$2,538,665	\$154,932	(\$3,015)	\$3,419,947	\$85,740	\$809,248	\$2,610,701

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 (RETIREMENTS) PER COMPANY	2000 YEAR END PLANT VALUE PER RUCCO	2000 DEPRECIATION EXPENSE PER RUCCO	2000 ACCUMULATED DEPRECIATION PER RUCCO	2000 YEAR END NET PLANT PER RUCCO	2001 ADDITIONS PER COMPANY	2001 (RETIREMENTS) PER COMPANY	2001 YEAR END PLANT VALUE PER RUCCO	2001 DEPRECIATION EXPENSE PER RUCCO	2001 ACCUMULATED DEPRECIATION PER RUCCO	2001 YEAR END NET PLANT PER RUCCO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	555	0	23,870	0	0	24,010	140	0	24,010	0	0	24,010
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	1,903	0	136,558	3,523	19,753	137,394	436	0	137,394	3,553	23,306	114,088
8	320.0	PUMPING PLANT: LAND*	0	0	0	0	0	0	1,206	0	47,905	1,225	15,014	31,891
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	67,848	0	46,599	12,110	14,789	583,853	3,295	(1,068)	583,853	15,093	153,969	429,884
10	323.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	581,536	14,288	139,944	411,692	0	0	0	0	0	0
11	323.0	PUMPING PLANT: ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	331.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	28	0	8,080	28	658	7,402
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	7,186	0	8,034	115	450	127,354	0	0	127,354	3,324	(8,347)	135,801
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	6,852	(11,007)	129,223	3,401	(9,902)	1,375	0	0	1,375	0	0	1,375
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	1,975	0	0	0	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,865	0	176,347	4,559	65,319	180,376	3,429	0	180,376	4,627	69,946	110,430
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	325,071	(12,846)	1,884,445	44,784	453,269	1,988,797	110,561	(6,209)	1,988,797	50,158	497,219	1,491,578
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	7,348	0	8,318	11,720	110,864	8,318	0	0	8,318	215	719	7,599
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	41,554	(28)	474,840	11,721	363,976	507,181	32,456	(115)	507,181	12,717	123,466	383,715
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	1,335	(381)	97,846	2,532	31,538	98,104	909	(653)	98,104	2,538	33,423	64,681
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	25,741	0	9,583	2,039	11,881	93,447	3,342	(1,075)	93,447	2,401	13,207	80,240
24	383.1	GENERAL PLANT: LAND - OFFICE*	0	0	3,386	0	(574)	10,560	0	0	9,986	0	(574)	10,560
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	12,318	319	(4,653)	16,971	0	0	12,318	319	(4,334)	16,952
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	4,465	116	1,722	2,743	407	0	4,872	121	1,843	3,029
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	1,730	45	728	1,002	0	0	1,730	45	772	1,685
30	391.0	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	6,410	166	2,656	3,714	0	0	6,410	166	2,862	3,548
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	75	0	41,324	1,069	2,044	39,280	554	0	41,878	1,077	3,121	38,757
32	392.0	GENERAL PLANT: OFFICE FURNITURE	61	0	6,295	162	2,284	4,011	1,470	0	7,765	162	2,446	5,219
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	59	2	13	46	0	0	59	2	14	57
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	433	0	39,885	1,027	7,961	31,924	0	0	39,885	1,033	8,994	30,891
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	3,725	96	1,567	2,158	0	0	3,725	96	1,663	2,062
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	5,260	136	1,179	4,081	0	0	5,260	136	1,316	3,944
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	16,398	424	8,004	16,398	0	0	16,398	424	6,428	9,968
38	397.1	GENERAL PLANT: MOBILE RADIOS	338	0	11,382	306	3,537	8,845	354	0	12,336	315	3,852	8,484
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	33,386	865	7,231	26,137	0	0	33,386	865	8,116	25,272
40	398.0	GENERAL PLANT: MISC.	0	0	2,456	16	16	46	0	0	2,456	62	179	2,327
41		TOTALS	\$480,185	(\$22,159)	\$3,875,953	\$93,036	\$870,183	\$3,003,426	\$158,565	(\$10,889)	\$4,023,649	\$100,905	\$960,199	\$3,063,450

REFERENCE:
ACC STAFF D.R. NO. REL 1-24
NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT VALUE PER RUO	2002 DEPRECIATION EXPENSE PER RUO	2002 ACCUMULATED DEPRECIATION PER RUO	2002 YEAR END NET PLANT PER RUO
1	301.0	INTANGIBLES: ORGANIZATION*	\$0	\$0	\$0	\$0	\$0	\$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	1,527	0	25,537	0	0	25,537
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	137,394	3,559	26,864	110,530
8	320.0	PUMPING PLANT: LAND*	5,276	(2,552)	53,181	1,309	17,323	35,858
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	4,197	0	585,508	15,143	166,560	418,948
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	0	0	0	0	0	0
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	8,060	209	867	7,193
12	330.0	WATER TREATMENT PLANT: LAND*	1,286	0	128,740	3,318	(5,029)	133,769
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	1,975	0	0	1,975
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	0	0	0	0
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	0	0	0	0
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	145	0	180,521	4,674	74,620	105,901
17	341.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	227,174	(22,170)	2,193,801	54,165	529,213	1,664,588
18	342.0	TRANSMISSION & DISTRIBUTION: MAINS	0	0	215	215	934	7,384
19	343.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	28,873	(576)	535,478	13,502	136,393	399,085
20	344.0	TRANSMISSION & DISTRIBUTION: SERVICES	0	0	98,104	2,541	35,964	62,140
21	345.0	TRANSMISSION & DISTRIBUTION: METERS	1,976	0	95,823	2,456	15,663	80,160
22	346.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	171	0	10,157	0	(574)	10,731
23	348.0	GENERAL PLANT: LAND - OFFICE	0	0	0	0	0	0
24	389.1	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - MISC.*	2,526	(69)	14,775	351	(4,052)	18,827
26	389.3	GENERAL PLANT: OFFICE BUILDINGS	0	0	4,872	126	1,969	2,903
27	390.1	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	1,730	45	817	913
28	390.2	GENERAL PLANT: MISC. BUILDINGS	13,650	(3,637)	15,422	296	(479)	16,902
29	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	41,878	1,085	4,206	37,672
30	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	7,785	201	2,667	5,098
31	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	59	2	16	43
32	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	3,159	0	43,044	1,074	10,068	32,976
33	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	3,725	96	1,760	1,965
34	395.0	GENERAL PLANT: LAB EQUIPMENT	65	0	5,260	136	1,452	3,808
35	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	16,451	425	6,853	9,598
36	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	12,336	320	4,172	8,164
37	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	33,388	865	8,981	24,407
38	397.2	GENERAL PLANT: AUTO CONTROLS	29	0	2,435	63	141	(79)
39	398.0	GENERAL PLANT: MISC.	\$230,053	(\$29,004)	\$4,284,698	\$106,174	\$1,037,369	\$3,244,957
40		TOTALS						
41		BALANCES PER COMPANY	\$ 4,327,525				986,086	
42		BALANCES PER RUO	\$4,284,698				\$1,037,369	
43		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**	\$12,423					
44		TOTAL ADJUSTMENTS	(\$55,250)				\$51,283	

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUO D.R. NO. 62

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.0237 PER RUO D.R. NO. 4.2

ARIZONA WATER COMPANY

TEST YEAR ENDED DECEMBER 31, 2001

SUPERIOR SYSTEM

RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE
& METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	\$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.0251
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	\$ 103,652
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	91,658
7	INCREASE/DECREASE TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	\$ 11,994

REFERENCES:

LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11

LINE 2: COMPANY SCHEDULE B-2 PAGE 10

LINE 3: LINE 1 + LINE 2

LINE 4: COMPANY SCHEDULE B-1 PAGE 2

LINE 5: LINE 3 x LINE 4

LINE 6: COMPANY SCHEDULE B-1 PAGE 2 (SUM OF LINES 6 AND 7)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	\$ 3,903,884	\$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	\$ 3,450,662	\$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	\$ 3,577,227	\$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.0251	0.0251	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	\$ 89,788	\$ 86,612	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		\$ (3,177)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

DOCKET NO. W-1445A-00-0962
SCHEDULE WAR-7
PAGE 1 OF 4

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	CASH WORKING CAPITAL PER COMPANY	\$ 7,767	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(26,551)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	(34,318)	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	443	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	67	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	(376)	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	7,167	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	6,016	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	(1,151)	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	12,510	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	10,399	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	(2,111)	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	(37,956)	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 2 OF 4

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	\$ DAYS
1	PURCHASED POWER	\$ 79,558	\$ (15,686)	\$ 63,872	31.85	\$ 2,034,323
2	PAYROLL	189,736	250	189,986	14.00	2,659,806
3	PURCHASED WATER	-	-	-	N/A	N/A
4	CHEMICALS	17,199	(10,037)	7,162	27.61	197,743
5	PROPERTY & LIABILITY INSURANCE	2,626	(116)	2,510	(45.27)	(113,631)
6	WORKER'S COMPENSATION	2,266	263	2,529	(46.50)	(117,583)
7	HEALTH INSURANCE	32,884	(3,555)	29,329	(8.92)	(261,610)
8	OTHER O&M EXPENSES	184,740	(98,711)	86,029	(9.27)	(797,493)
9	DEPRECIATION & AMORTIZATION	118,817	(8,768)	110,049	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	130,031	(44,425)	85,606	61.95	5,303,690
11	DEFERRED INCOME TAXES	2,400	N/A	N/A	N/A	N/A
12	FICA TAXES	12,623	(165)	12,458	14.00	174,412
13	FUTA & SUTA TAXES	276	18	294	83.10	24,431
14	PROPERTY TAXES	64,817	8,270	73,087	212.00	15,494,365
15	REG., CONTRACT, & MISCELLANEOUS FEES	15,142	499	15,641	(98.83)	(1,545,791)
16	SALES & OCCUPATION TAXES	74,997	(1,910)	73,087	41.30	3,018,478
17	PENSION EXPENSE	14,429	248	14,677	34.72	509,585
18	TOTAL	\$ 942,541	\$ (173,826)	\$ 766,315 *	34.69	\$ 26,580,725

NOTE

N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION

* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 3 OF 4

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>REFERENCE</u>
1	AVERAGE EXPENSE LAG	34.69	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	<u>22.04</u>	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(12.65)	LINE 2 - LINE 1
4	TOTAL EXPENSES	\$ 766,315	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(26,551)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	<u>\$ 7,767</u>	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ (34,318)</u>	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7
PAGE 4 OF 4

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS
1	04/12/99	07/01/99	(80.00)	\$ 397,000	(31,760,000)
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)
3	09/14/99	07/01/99	75.00	486,000	36,450,000
4	12/14/99	07/01/99	166.00	970,000	161,020,000
5	03/14/00	07/01/99	257.00	<u>(240,000)</u>	<u>(61,680,000)</u>
6	TOTALS			\$ 1,663,000	103,030,000
7	INCOME TAX LAG		<div style="border: 1px solid black; padding: 2px;">61.95</div>		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
<u>REVENUES - WATER:</u>						
1	REVENUE FROM WATER SALES	\$ 698,968	\$ 8,445	\$ 707,413	\$ 273,481	\$ 980,894
2	OTHER REVENUES	-	35	35		35
3	TOTAL OPERATING REVENUES	\$ 698,968	\$ 8,480	\$ 707,448	\$ 273,481	\$ 980,929
<u>OPERATING EXPENSES:</u>						
2	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -	\$ -
3	OTHER	4,729	23	4,752		4,752
4	PURCHASED POWER	76,290	(13,099)	63,191		63,191
5	PURCHASED GAS	-	22	22		22
6	OTHER	54,189	24,376	78,565		78,565
7	WATER TREATMENT	30,792	(7,127)	23,665		23,665
8	TRANSMISSION & DISTRIBUTION	159,574	(51,756)	107,818		107,818
9	CUSTOMER ACCOUNTS	114,326	(5,494)	108,832		108,832
10	SALES	872	(615)	257		257
11	ADMINISTRATIVE & GENERAL	98,965	(1,246)	97,719		97,719
12	DEPRECIATION & AMORTIZATION	118,817	(8,768)	110,049		110,049
13	PROPERTY TAXES	64,071	9,016	73,087		73,087
14	OTHER TAXES	11,348	1,404	12,752		12,752
15	INCOME TAXES	(28,101)	14,449	(13,652)	99,259	85,606
16	TOTAL OPERATING EXPENSES	\$ 705,873	\$ (38,817)	\$ 667,056	\$ 99,259	\$ 766,315
17	NET INCOME	\$ (6,905)	\$ 47,262	\$ 40,357	\$ 174,222	\$ 214,579

REFERENCES:

COLUMN (A): CO. SCH. C-1, PG. 5
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
<u>REVENUES - WATER</u>														
1	REVENUE FROM WATER SALES	\$ 698,968	\$ 110,851	\$ (76,119)	\$ 2,193	\$ (27,262)	\$ (838)		\$ (380)					\$ 707,413
2	OTHER REVENUES				35									35
3	TOTAL OPERATING REVENUES	\$ 698,968	\$ 110,851	\$ (76,119)	\$ 2,228	\$ (27,262)	\$ (838)	\$ -	\$ (380)	\$ -	\$ -	\$ -	\$ -	\$ 707,448
<u>OPERATING EXPENSES</u>														
2	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	OTHER	4,729	23											4,752
4	PURCHASED POWER	76,290	(12,440)			(506)	(153)							63,191
5	PURCHASED GAS	-	22											22
6	OTHER	54,189	24,376											78,565
7	WATER TREATMENT	30,792	(7,104)				(23)							23,665
8	TRANSMISSION & DISTRIBUTION	159,574	(50,843)			(913)								107,818
9	CUSTOMER ACCOUNTS	114,326	(5,494)											108,832
10	SALES	872	(615)											257
11	ADMINISTRATIVE & GENERAL	98,965	(4,347)	(1,484)			(118)	4,703		(8,768)				97,719
12	DEPRECIATION & AMORTIZATION	118,817									9,016			110,049
13	PROPERTY TAXES	64,071												73,087
14	OTHER TAXES	11,348	76,039	(74,635)										12,752
15	INCOME TAXES	(28,101)										14,449		(13,652)
16	TOTAL OPERATING EXPENSES	\$ 705,873	\$ 19,616	\$ (76,119)	\$ -	\$ (1,419)	\$ (294)	\$ 4,703	\$ -	\$ (8,768)	\$ 9,016	\$ 14,449	\$ -	\$ 667,056
17	NET INCOME	\$ (6,905)	\$ 91,235	\$ -	\$ 2,228	\$ (25,843)	\$ (544)	\$ (4,703)	\$ (380)	\$ 8,768	\$ (9,016)	\$ (14,449)	\$ -	\$ 40,392

ADJUSTMENT #	REFERENCE
1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL	RUCO D.R. NO. 1.10
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES	RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO. REL 19-1
3. ELIMINATE PPAM AND PWAM REVENUES	RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2
4. ELIMINATE UNBILLED REVENUES & EXPENSES	RUCO D.R. NO. 7.3
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES	RUCO D.R. NO. 6.6
6. AMORTIZATION OF RATE CASE EXPENSE	COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR
ADJUSTMENT #	REFERENCE
7. REMOVE MAP SURCHARGE REVENUES	TESTIMONY WAR
8. DEPRECIATION & AMORTIZATION EXPENSE	SCHEDULE WAR-12
9. PROPERTY TAX EXPENSE	SCHEDULE WAR-13
10. INCOME TAX EXPENSE	SCHEDULE WAR-14
11. NOT USED	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
<u>REVENUES - WATER:</u>					
1	REVENUE FROM WATER SALES	\$ 698,968	\$ 809,819	\$ 698,968	\$ 110,851
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 698,968	\$ 809,819	\$ 698,968	\$ 110,851
<u>OPERATING EXPENSES:</u>					
4	PURCHASED WATER	\$ -	\$ -	\$ -	\$ -
5	OTHER	4,729	4,752	4,729	23
6	PURCHASED POWER	76,290	63,850	76,290	(12,440)
7	PURCHASED GAS	-	22	-	22
8	OTHER	54,189	78,565	54,189	24,376
9	WATER TREATMENT	30,792	23,688	30,792	(7,104)
10	TRANSMISSION & DISTRIBUTION	159,574	108,731	159,574	(50,843)
11	CUSTOMER ACCOUNTS	114,326	108,832	114,326	(5,494)
12	SALES	872	257	872	(615)
13	ADMINISTRATIVE & GENERAL	98,965	94,618	98,965	(4,347)
14	DEPRECIATION & AMORTIZATION	118,817	108,088	118,817	- (a)
15	PROPERTY TAXES	64,071	73,380	64,071	- (a)
16	OTHER TAXES	11,348	87,387	11,348	76,039
17	INCOME TAXES	(28,101)	15,030	(28,101)	- (a)
18	TOTAL OPERATING EXPENSES	\$ 705,873	\$ 767,200	\$ 705,873	\$ 19,616
19	NET INCOME	<u>\$ (6,905)</u>	<u>\$ 42,619</u>	<u>\$ (6,905)</u>	<u>\$ 91,235</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 5 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:

(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10
PAGE 2 OF 2

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
<u>REVENUES - WATER:</u>				
1	REVENUE FROM WATER SALES	\$ 773,405	\$ 809,819	\$ 36,414
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	\$ 773,405	\$ 809,819	\$ 36,414
<u>OPERATING EXPENSES:</u>				
4	PURCHASED WATER	\$ -	\$ -	\$ -
5	OTHER	4,755	4,752	(3)
6	PURCHASED POWER	76,492	63,850	(12,642)
7	PURCHASED GAS	-	22	22
8	OTHER	54,189	78,565	24,376
9	WATER TREATMENT	19,636	23,688	4,052
10	TRANSMISSION & DISTRIBUTION	122,942	108,731	(14,211)
11	CUSTOMER ACCOUNTS	114,349	108,832	(5,517)
12	SALES	872	257	(615)
13	ADMINISTRATIVE & GENERAL	83,004	94,618	11,614
14	DEPRECIATION & AMORTIZATION	102,778	108,088	5,310
15	PROPERTY TAXES	65,046	73,380	8,334
16	OTHER TAXES	86,003	87,387	1,384
17	INCOME TAXES	12,662	15,030	2,368
18	TOTAL OPERATING EXPENSES	742,728	767,200	24,472
19	NET INCOME	<u>\$ 30,677</u>	<u>\$ 42,619</u>	<u>\$ 11,942</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE C-1 PAGE 5 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282
2	2002 CUSTOMERS	1,278	1,284	1,284	1,284	1,281	1,287	1,286	1,278	1,280	1,288	1,288	1,282
3	INCREASE IN CUSTOMERS - 2002	4	(2)	(2)	(2)	1	(5)	(4)	4	2	(6)	(6)	0
4	AVERAGE REVENUE FOR THE MONTH	\$ 44.40	\$ 40.97	\$ 43.75	\$ 47.60	\$ 51.04	\$ 57.60	\$ 63.28	\$ 51.46	\$ 53.32	\$ 48.79	\$ 46.71	\$ 65.72
5	INCREASE IN REVENUES	\$ 178	\$ (82)	\$ (88)	\$ (95)	\$ 51	\$ (288)	\$ (253)	\$ 206	\$ 107	\$ (283)	\$ (280)	0
6	TOTAL INCREASE IN REVENUE	(838)											
7	INCREASE IN REVENUE PER COMPANY												
8	REVENUE ADJUSTMENT	(838)											
9	GALLONS SOLD PER AVERAGE CUSTOMER	5,968	5,213	5,848	6,729	7,599	9,130	10,319	7,646	7,956	7,035	7,081	6,269
10	INCREASE IN CUSTOMERS	4	(2)	(2)	(2)	1	(5)	(4)	4	2	(6)	(6)	0
11	INCREASE IN GALLONS	23,873	(10,425)	(11,697)	(13,458)	7,599	(45,650)	(41,276)	30,584	15,911	(42,207)	(42,489)	0
12	TOTAL INCREASE IN GALLONS	(129,234)											
13	PUMPING COST PER GALLON	0.001183											
14	INCREASE IN PUMPING COST	(153)											
15	WATER TREATMENT COSTS PER GALLON	0.000178											
16	INCREASE IN WATER TREATMENT COSTS	(23)											
17	TOTAL INCREASE IN BILLS	(16)											
18	MONTHLY ACCOUNTING COST PER BILL	7.36											
19	INCREASE IN ACCOUNTING COST	(118)											

LINE #10 = LINE #3
LINE #11 = LINE #9 MULTIPLIED BY LINE #10
LINE #12 = SUMMATION OF LINE #11
LINE #13 = CO. W/P C2-5, PAGE 3
LINE #14 = LINE #12 X LINE #13
LINE #15 = CO. W/P C2-5, PAGE 3
LINE #16 = LINE #12 MULTIPLIED BY LINE #15
LINE #17 = SUMMATION OF LINE #3
LINE #18 = CO. W/P C2-5, PAGE 4

LINE #19 = LINE #17 X LINE #18

REFERENCES:
LINE #1 - RUCO DATA REQUEST #6.6
LINE #2 - RUCO DATA REQUEST #6.6
LINE #3 = LINE #1 MINUS LINE #2
LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
LINE #5 = LINE #3 MULTIPLIED BY LINE #4
LINE #6 = SUMMATION OF LINE #5
LINE #7 - NO REFERENCE
LINE #8 - LINE #6 MINUS LINE #7
LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	\$ -	\$ -	\$0	0.00%	\$ -
2	302.0	INTANGIBLES: FRANCHISES*	4,209	-	4,209	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	24,009	1	24,010	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	-	-	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	13,752	-	13,752	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	137,392	2	137,394	2.59%	3,559
8	320.0	PUMPING PLANT: LAND*	-	-	-	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	47,905	-	47,905	2.59%	1,241
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	583,864	(1)	583,863	2.59%	15,122
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	-	-	-	2.59%	-
12	330.0	WATER TREATMENT PLANT: LAND*	-	-	-	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	8,061	(1)	8,060	2.59%	209
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	127,455	(1)	127,454	2.59%	3,301
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	1,975	-	1,975	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	180,377	(1)	180,376	2.59%	4,672
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	1,988,797	-	1,988,797	2.59%	51,510
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	8,318	-	8,318	2.59%	215
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	507,180	1	507,181	2.59%	13,136
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	97,206	898	98,104	2.59%	2,541
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	104,732	(10,885)	93,847	2.59%	2,431
24	389.1	GENERAL PLANT: LAND - OFFICE*	-	9,986	9,986	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	-	-	-	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*	-	-	-	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	12,318	-	12,318	2.59%	319
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	4,872	-	4,872	2.59%	126
29	390.3	GENERAL PLANT: MISC. BUILDINGS	1,730	-	1,730	2.59%	45
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	6,410	-	6,410	2.59%	166
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	41,876	2	41,878	2.59%	1,085
32	391.2	GENERAL PLANT: OFFICE FURNITURE	7,765	-	7,765	2.59%	201
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	59	-	59	2.59%	2
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	39,885	-	39,885	2.59%	1,033
35	395.0	GENERAL PLANT: LAB EQUIPMENT	3,725	-	3,725	2.59%	96
36	396.0	GENERAL PLANT: POWER EQUIPMENT	5,261	(1)	5,260	2.59%	136
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	14,921	1,465	16,386	2.59%	424
38	397.1	GENERAL PLANT: MOBILE RADIOS	12,336	-	12,336	2.59%	320
39	397.2	GENERAL PLANT: AUTO CONTROLS	34,852	(1,464)	33,388	2.59%	865
40	398.0	GENERAL PLANT: MISC.	2,406	-	2,406	2.59%	62
41							
42		TEST YEAR TOTALS	\$ 4,023,648	\$ 1	\$ 4,023,649		\$ 102,816
43							
44		POST TEST YEAR ADDITIONS	303,877	(55,251)	\$248,626	2.59%	6,439
45							
46		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	100,475	12,252	112,727 **	2.59%	2,920
47							
48		2002 TOTALS	\$ 4,428,000	\$ (42,998)	\$ 4,385,002		\$ 112,175
49							
50		LESS:					
51		AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ***					2,126
52							
53		TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE					\$ 110,049
54							
55		DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY					118,817
56							
57		DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 53 - LINE 55)					\$ (8,768)

REFERENCES:

COLUMN (A): COMPANY SCHEDULE E-5 PAGE 3 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:

* NON-DEPRECIABLE PLANT ASSETS
** NET OF \$171 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS (\$7,215 x 0.2498 ALLOCATION FACTOR FOR 2002 = \$171)
*** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = \$82,088 x 2.59% = \$2,126

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	\$ 744,641	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	698,408	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	<u>733,703</u>	D. R. NO. REL 19-1
4	TOTAL	\$ 2,176,752	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	725,584	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	<u>x 2</u>	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	1,451,168	LINE 5 X 2 (MULTIPLIER FOR REVENUES
8	ADD: 10% OF CWIP BALANCE	-	COMPANY SCH. B-2, PG. 9; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	<u>-</u>	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	1,451,168	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	<u>25%</u>	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	362,792	LINE 10 X LINE 11
13	PROPERTY TAX RATE	<u>20.1456%</u>	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	73,087	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	<u>64,071</u>	COMPANY SCH. C-1, PG. 5
16	ADJUSTMENT	<u>9,016</u>	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	<u>FEDERAL INCOME TAXES:</u>		
1	OPERATING INCOME BEFORE INCOME TAXES	\$ 26,705	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	(2,632)	LINE 11
3	INTEREST EXPENSE	<u>64,475</u>	NOTE (a)
4	FEDERAL TAXABLE INCOME	(35,139)	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	<u>31.36%</u>	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	(11,020)	LINE 4 X LINE 5
	<u>STATE INCOME TAXES:</u>		
7	OPERATING INCOME BEFORE INCOME TAXES	26,705	LINE 1
	LESS:		
8	INTEREST EXPENSE	<u>64,475</u>	NOTE (A)
9	STATE TAXABLE INCOME	(37,770)	LINE 7 - LINE 8
10	STATE TAX RATE	<u>6.968%</u>	TAX RATE
11	STATE INCOME TAX EXPENSE	(2,632)	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	(13,652)	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	<u>(28,101)</u>	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	<u>\$ 14,449</u>	LINE 12 - LINE 13

NOTE (a):
INTEREST SYNCHRONIZATION

ADJUSTED RATE BASE	\$ 2,471,297
WEIGHTED COST OF DEBT	<u>2.61%</u>
INTEREST EXPENSE	\$ 64,475

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
COST OF CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-16

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	\$ 2,850,000	\$ 1,650,000	\$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	\$ 75,293,415	4,723,039	\$ 80,016,454	100.00%		8.68%

REFERENCES:

COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2001
 SUPERIOR SYSTEM
 PROPOSED RATES

DOCKET NO. W-01445A-02-0619
 SCHEDULE WAR-17

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	MONTHLY MINIMUM USAGE CHARGE:			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	\$ 18.13	\$ 18.13	\$ 18.13
5	1 - INCH	38.84	40.79	38.84
6	2 - INCH	103.58	117.85	103.58
7	3 - INCH	155.37	211.58	157.14
8	4 - INCH	207.16	377.65	207.16
9	6 - INCH	362.53	717.59	362.53
10	8 - INCH	362.53	989.54	362.53
11	10 - INCH	673.27	1,624.09	673.27
12				
13	GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:			
14				
15	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	1,000	0	0
16				
17	COMMODITY RATE (PER 100 GAL. OVER MINIMUM):	\$0.40600	\$ 0.40600	\$ 0.60130
18				
19	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM):	\$4.06000	\$ 4.06000	\$ 6.01300

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
MONTHLY MINIMUM CHARGES

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO PROPOSED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	\$ 18.13	\$ 18.13	\$ -	0.00%	\$ 18.13	\$ -	0.00%
2	1 - INCH	38.84	40.79	1.95	5.02%	38.84	0.00	0.00%
3	2 - INCH	103.58	117.85	14.27	13.78%	103.58	0.00	0.00%
4	3 - INCH COMMERCIAL	155.37	211.58	56.21	36.18%	157.14	1.77	1.14%
5	4 - INCH COMMERCIAL	207.16	377.65	170.49	82.30%	207.16	0.00	0.00%
6	6 - INCH	362.53	717.59	355.06	97.94%	362.53	0.00	0.00%
7	8 - INCH	362.53	989.54	627.01	172.95%	362.53	0.00	0.00%
8	10 - INCH	673.27	1,624.09	950.82	141.22%	673.27	0.00	0.00%
9	GALLONS INCLUDED IN MONTHLY MINIMUM CHARGE	1,000	0			0		

REFERENCES

COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 4 OF 4
COLUMN (E): TESTIMONY WAR
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

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PRESENT RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$ 18.13	\$ 38.84	\$ 103.58	\$ 155.37	\$ 207.16	\$ 362.53	\$ 362.53	\$ 673.27
2	1,000	18.13	38.84	103.58	155.37	207.16	362.53	362.53	673.27
3	2,000	22.19	42.90	107.64	159.43	211.22	366.59	366.59	677.33
4	3,000	26.25	46.96	111.70	163.49	215.28	370.65	370.65	681.39
5	4,000	30.31	51.02	115.76	167.55	219.34	374.71	374.71	685.45
6	5,000	34.37	55.08	119.82	171.61	223.40	378.77	378.77	689.51
7	6,000	38.43	59.14	123.88	175.67	227.46	382.83	382.83	693.57
8	7,000	42.49	63.20	127.94	179.73	231.52	386.89	386.89	697.63
9	8,000	46.55	67.26	132.00	183.79	235.58	390.95	390.95	701.69
10	9,000	50.61	71.32	136.06	187.85	239.64	395.01	395.01	705.75
11	10,000	54.67	75.38	140.12	191.91	243.70	399.07	399.07	709.81
12	15,000	74.97	95.68	160.42	212.21	264.00	419.37	419.37	730.11
13	20,000	95.27	115.98	180.72	232.51	284.30	439.67	439.67	750.41
14	25,000	115.57	136.28	201.02	252.81	304.60	459.97	459.97	770.71
15	50,000	217.07	237.78	302.52	354.31	406.10	561.47	561.47	872.21
16	75,000	318.57	339.28	404.02	455.81	507.60	662.97	662.97	973.71
17	100,000	420.07	440.78	505.52	557.31	609.10	764.47	764.47	1,075.21
18	125,000	521.57	542.28	607.02	658.81	710.60	865.97	865.97	1,176.71
19	150,000	623.07	643.78	708.52	760.31	812.10	967.47	967.47	1,278.21
20	175,000	724.57	745.28	810.02	861.81	913.60	1,068.97	1,068.97	1,379.71
21	200,000	826.07	846.78	911.52	963.31	1,015.10	1,170.47	1,170.47	1,481.21
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	\$ 39.85	\$ 112.31	\$ 264.52	\$ 1,100.77	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.):	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	\$ 34.41	\$ 45.37	\$ 138.09	\$ 549.19	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 2 OF 4

RUCO PROPOSED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$ 18.13	\$ 38.84	\$ 103.58	\$ 157.14	\$ 271.95	\$ 453.25	\$ 906.50	\$ 1,359.75
2	1,000	24.14	44.85	109.59	163.15	276.05	457.35	910.60	1,363.85
3	2,000	30.16	50.87	115.61	169.17	280.15	461.45	914.70	1,367.95
4	3,000	36.17	56.88	121.62	175.18	284.25	465.55	918.80	1,372.05
5	4,000	42.18	62.89	127.63	181.19	288.35	469.65	922.90	1,376.15
6	5,000	48.20	68.91	133.65	187.21	292.45	473.75	927.00	1,380.25
7	6,000	54.21	74.92	139.66	193.22	296.55	477.85	931.10	1,384.35
8	7,000	60.22	80.93	145.67	199.23	300.65	481.95	935.20	1,388.45
9	8,000	66.23	86.94	151.68	205.24	304.75	486.05	939.30	1,392.55
10	9,000	72.25	92.96	157.70	211.26	308.85	490.15	943.40	1,396.65
11	10,000	78.26	98.97	163.71	217.27	312.95	494.25	947.50	1,400.75
12	15,000	108.33	129.04	193.78	247.34	333.45	514.75	968.00	1,421.25
13	20,000	138.39	159.10	223.84	277.40	353.95	535.25	988.50	1,441.75
14	25,000	168.46	189.17	253.91	307.47	374.45	555.75	1,009.00	1,462.25
15	50,000	318.78	339.49	404.23	457.79	476.95	658.25	1,111.50	1,564.75
16	75,000	469.11	489.82	554.56	608.12	579.45	760.75	1,214.00	1,667.25
17	100,000	619.43	640.14	704.88	758.44	681.95	863.25	1,316.50	1,769.75
18	125,000	769.76	790.47	855.21	908.77	784.45	965.75	1,419.00	1,872.25
19	150,000	920.08	940.79	1,005.53	1,059.09	886.95	1,068.25	1,521.50	1,974.75
20	175,000	1,070.41	1,091.12	1,155.86	1,209.42	989.45	1,170.75	1,624.00	2,077.25
21	200,000	1,220.73	1,241.44	1,306.18	1,359.74	1,091.95	1,273.25	1,726.50	2,179.75
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	\$ 56.31	\$ 153.67	\$ 347.95	\$ 1,563.33	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.):	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	\$ 48.25	\$ 54.52	\$ 160.70	\$ 746.41	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

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SCHEDULE WAR-19
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RUCO PROPOSED CHANGES EXPRESSED IN DOLLARS

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	\$ -	\$ -	\$ -	\$ 1.77	\$ 64.79	\$ 90.72	\$ 543.97	\$ 686.48
2	1,000	6.01	6.01	6.01	7.78	68.89	94.82	548.07	690.58
3	2,000	7.97	7.97	7.97	9.74	68.93	94.86	548.11	690.62
4	3,000	9.92	9.92	9.92	11.69	68.97	94.90	548.15	690.66
5	4,000	11.87	11.87	11.87	13.64	69.01	94.94	548.19	690.70
6	5,000	13.83	13.83	13.83	15.60	69.05	94.98	548.23	690.74
7	6,000	15.78	15.78	15.78	17.55	69.09	95.02	548.27	690.78
8	7,000	17.73	17.73	17.73	19.50	69.13	95.06	548.31	690.82
9	8,000	19.68	19.68	19.68	21.45	69.17	95.10	548.35	690.86
10	9,000	21.64	21.64	21.64	23.41	69.21	95.14	548.39	690.90
11	10,000	23.59	23.59	23.59	25.36	69.25	95.18	548.43	690.94
12	15,000	33.36	33.36	33.36	35.13	69.45	95.38	548.63	691.14
13	20,000	43.12	43.12	43.12	44.89	69.65	95.58	548.83	691.34
14	25,000	52.89	52.89	52.89	54.66	69.85	95.78	549.03	691.54
15	50,000	101.71	101.71	101.71	103.48	70.85	96.78	550.03	692.54
16	75,000	150.54	150.54	150.54	152.31	71.85	97.78	551.03	693.54
17	100,000	199.36	199.36	199.36	201.13	72.85	98.78	552.03	694.54
18	125,000	248.19	248.19	248.19	249.96	73.85	99.78	553.03	695.54
19	150,000	297.01	297.01	297.01	298.78	74.85	100.78	554.03	696.54
20	175,000	345.84	345.84	345.84	347.61	75.85	101.78	555.03	697.54
21	200,000	394.66	394.66	394.66	396.43	76.85	102.78	556.03	698.54
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	\$ 16.46	\$ 41.36	\$ 83.43	\$ 462.56	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.):	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	\$ 13.84	\$ 9.15	\$ 22.61	\$ 197.22	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 4 OF 4

RUCO PROPOSED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	0.0%	0.0%	0.0%	1.1%	31.3%	25.0%	150.0%	102.0%
2	1,000	33.2%	15.5%	5.8%	5.0%	33.3%	26.2%	151.2%	102.6%
3	2,000	35.9%	18.6%	7.4%	6.1%	32.6%	25.9%	149.5%	102.0%
4	3,000	37.8%	21.1%	8.9%	7.1%	32.0%	25.6%	147.9%	101.4%
5	4,000	39.2%	23.3%	10.3%	8.1%	31.5%	25.3%	146.3%	100.8%
6	5,000	40.2%	25.1%	11.5%	9.1%	30.9%	25.1%	144.7%	100.2%
7	6,000	41.1%	26.7%	12.7%	10.0%	30.4%	24.8%	143.2%	99.6%
8	7,000	41.7%	28.1%	13.9%	10.9%	29.9%	24.6%	141.7%	99.0%
9	8,000	42.3%	29.3%	14.9%	11.7%	29.4%	24.3%	140.3%	98.5%
10	9,000	42.8%	30.3%	15.9%	12.5%	28.9%	24.1%	138.8%	97.9%
11	10,000	43.1%	31.3%	16.8%	13.2%	28.4%	23.9%	137.4%	97.3%
12	15,000	44.5%	34.9%	20.8%	16.6%	26.3%	22.7%	130.8%	94.7%
13	20,000	45.3%	37.2%	23.9%	19.3%	24.5%	21.7%	124.8%	92.1%
14	25,000	45.8%	38.8%	26.3%	21.6%	22.9%	20.8%	119.4%	89.7%
15	50,000	46.9%	42.8%	33.6%	29.2%	17.4%	17.2%	98.0%	79.4%
16	75,000	47.3%	44.4%	37.3%	33.4%	14.2%	14.7%	83.1%	71.2%
17	100,000	47.5%	45.2%	39.4%	36.1%	12.0%	12.9%	72.2%	64.6%
18	125,000	47.6%	45.8%	40.9%	37.9%	10.4%	11.5%	63.9%	59.1%
19	150,000	47.7%	46.1%	41.9%	39.3%	9.2%	10.4%	57.3%	54.5%
20	175,000	47.7%	46.4%	42.7%	40.3%	8.3%	9.5%	51.9%	50.6%
21	200,000	47.8%	46.6%	43.3%	41.2%	7.6%	8.8%	47.5%	47.2%
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	41.3%	36.8%	31.5%	42.0%	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	40.2%	20.2%	16.4%	35.9%	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

DOCKET NO. W-01445A-02-061
SCHEDULE WAR-20

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED MINIMUM REVENUE	(B) RUCO PROPOSED COMMODITY REVENUE	(C) RUCO PROPOSED TOTAL REVENUE
1	5/8 X 3/4 - INCH	\$ 273,654	\$ 576,327	\$ 849,982
2	1 - INCH	4,311	12,746	17,057
3	2 - INCH	16,469	38,855	55,324
4	3 - INCH	3,771	33,749	37,520
5	4 - INCH	0	0	0
6	6 - INCH	0	0	0
7	8 - INCH	0	0	0
13	10 - INCH	0	0	0
14				
15	TOTALS	<u>\$ 298,206</u>	<u>\$ 661,677</u>	<u>\$ 959,883 (a)</u>
16				
17	PERCENTAGE OF TOTAL REVENUE	31.00%	69.00%	100.00%

NOTE (a):

RUCO REQUIRED REVENUE		\$ 980,894
LESS:		
FIRE SPRINKLER REVENUE	\$ 336	
FIRE HYDRANT REVENUE	-	
MISCELLANEOUS REVENUE	16,073	
RENT - WATER PROPERTY REVENUE	-	
OTHER WATER REVENUE	4,602	
TOTAL		<u>\$ 21,011</u>

REVENUE TO BE GENERATED FROM WATER SALES	<u>\$ 959,883</u>
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REFERENCE:

NOTE (a) 2002 REVENUE INFORMATION OBTAINED FROM RUCO D.R. NO. 1.10